Daily Report

East Europe

FBIS-EEU-94-166
Friday
26 August 1994

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Daily Report
East Europe

FBIS-EEU-94-166 *26 August 1994*

CONTENTS

NOTICE TO READERS: All material in this volume previously disseminated in electronic form.
An Ω indicates a Foreign Media Note.

ALBANIA

Official Reacts to Greek Government Statement *[Tirana TV]* 1
Zhulali, Turkish Attache View Bilateral Relations *[Tirana TV]* 1
Ministry: 1,005 More Refugees Deported by Greece *[Tirana TV]* 1
Ministry Reports Deportation of Greek Journalist *[Tirana TV]* 1
Zhulali, Turkish Attache View Bilateral Relations *[Tirana TV]* 1

BULGARIA

Prime Minister Comments on Resignation Speculation *[168 CHASA 22-28 Aug]* 2
Commentary Forecasts New Cabinet, No Elections *[KONTINENT 20-21 Aug]* 3
Foreign Minister Comments on Visit to Albania *[Sofia Radio]* 4

CZECH REPUBLIC

Klaus Interviewed About Communists, Environment *[LIDOVE NOVINY 19 Aug]* 5
Weapons Chief on Relations With Defense Ministry *[CESKY DENIK 20 Aug]* 5
Change in Financing Czech-Slovak Trade Suggested *[RESPEKT 7 Aug]* 7

SLOVAKIA

KDH Leader on Problems With Hungary, Election *[SMENA 19 Aug]* 8
Government Vows To Revive Privatization Program *[London FINANCIAL TIMES 25 Aug]* 8
Article Considers Economy, Prospects for Future *[NOVE SLOVO BEZ RESPEKTU 25 Jul]* 9

HUNGARY

Medgyessy To Lead Prime Ministerial Advisory Body *[NEPSZABADSAG 25 Aug]* 12
Minister Announces Draft Supplementary Budget *[Budapest TV]* 12
Trade Deficit Reaches 176 Billion Forints *[MAGYAR NEMZET 25 Aug]* 12
Official Views 'Restrictive' Financial Measures *[MAGYAR HIRLAP 24 Aug]* 12

POLAND

Olechowski Seeks Early Ratification of Concordat *[PAP]* 14
Government Document on Defense Issues Detailed *[POLSKA ZBROJNA 25 Aug]* 14
Presidential Television Program To Be Replaced *[RZECZPOSPOLITA 26 Aug]* 15
Agrobank's Rankings, Development Strategy *[NOWA EUROPA 25 Aug]* 16
NBP Official on Foreign Banks, Policy, Future *[NOWA EUROPA 26-28 Aug]* 16
Tourism Agency Established; Funds Sought *[NOWA EUROPA 3 Aug]* 17
Debate on State Secrecy Bill Considered *[RZECZPOSPOLITA 26 Aug]* 18

ROMANIA

Ex-King Accuses Authorities of Preventing Return *[ROMANIA LIBERA 22 Aug]* 20

BOSNIA-HERZEGOVINA

Izetbegovic Interviewed on UN Peace Efforts *[Tehran HAMSHAHRI 18 Aug]* 21
Milovanovic on Trust Between UN, Serb Army *[TANJUG]* 21
Zubak, HDZ Leaders View Washington Agreement *[Sarajevo Radio]* 21
Parties Hold Meeting on Federation Issues *[Zagreb Radio]* 22
Mladic Seen as 'Potential Serbian De Gaulle' *[VREME 22 Aug]* 22
Opposition Protests Events in Formation of Canton *[Sarajevo Radio]* 25
Izetbegovic Receives Governor *[Sarajevo Radio]* 26
Tuzla Residents Dissatisfied *[Sarajevo Radio]* 26
Serbs Launch Infantry Attacks on Sarajevo Front *[Sarajevo Radio]* 26

CROATIA

UN: Bihac Refugees Trapped Between Serbs, Croats *[AFP]* 27
Police Seal Off Refugees *[Zagreb Radio]* 27
UNHCR Request *[AFP]* 27
Artillery Shells Fired at Dubrovnik Airport *[AFP]* 28
Muslim Leaders Seek Dismantling of Herceg-Bosna *[TANJUG]* 28
Data Provided on Medjimurje Radar Station *[HRVATSKI VOJNIK 20 May]* 28
Debate on Improving Air Force Curriculum *[HRVATSKI VOJNIK 28 Jan]* 29
Accomplishments of 203d Air Defense Brigade *[HRVATSKI VOJNIK 28 Jan]* 30
Achievements of Air Defense Brigade Outlined *[HRVATSKI VOJNIK 20 May]* 32
Speculation on Miksa's New Political Role *[DANAS 8 Aug]* 34

YUGOSLAVIA

Federal

Serbian Opposition on Drina River Observers *[TANJUG]* 36
Bank Governor Says Monetary System Stable *[TANJUG]* 36
Government Says Economic Revival Successful *[TANJUG]* 36

Serbia

Government Urges Serbs To Accept Peace Plan *[TANJUG]* 37
Serbian Legislature Debating Contact Group Plan *[TANJUG]* 37
Bosnian Serbs Awaiting Permission on Referendum *[BORBA 25 Aug]* 37
Belgrade's Policy Toward Pale Criticized *[TANJUG]* 38
SRS, DSS Condemn Government Bosnia Policy *[Belgrade Radio]* 38
DP Declaration on Unification With Serbs *[TANJUG]* 39
Djindjic Calls for Serb Confederation *[TANJUG]* 39
New Democracy Supports Contact Group's Plan *[TANJUG]* 39
Poll on Popularity of Leaders, Views on Bosnia *[BORBA 24 Aug]* 40
Minister Seeks Closure of Nuclear Waste Dumps *[BORBA 23 Aug]* 40
Brutality of Police in Lazarevac *[NIN 5 Aug]* 41

Montenegro

Commentary Views 'Regime-Controlled Media' *[MONITOR 19 Aug]* 42

Kosovo

LDK Reiterates Stance on Talks With Serbia *[Tirana TV]* 43

Official Reacts to Greek Government Statement

AU2508155494 Tirana TVSH Television Network in Albanian 1800 GMT 24 Aug 94

[Text] Commenting on the Greek Government's statement that the Greek Government's positions relate to the Albanian Government and not to other political parties, Deputy Foreign Minister Arian Starova stressed the following:

I would like to remind the Greek Government that 70 percent of the electorate voted for the Albanian Government. The similarity of the idea of the Greek Government's statement with the idea and content of the leaflets dropped by the Greek plane on the morning of 21 August makes us indignant. The Albanian Government has a popular support that is tens of times greater than, and cannot be compared to, that of some elements who are trusted and set apart by the Greek Government chairman [as heard].

Zhulali, Turkish Attache View Bilateral Relations

AU2508190894 Tirana TVSH Television Network in Albanian 1800 GMT 24 Aug 94

[Text] This morning, Defense Minister Safet Zhulali received the new Turkish military attache in Albania, Colonel Mustafa Cabanoklu, on the occasion of him presenting his credentials. The Zhulali-Cabanoklu talks displayed the very good level of Albanian-Turkish relations in general and in the military field in particular. Both sides expressed their readiness to further develop bilateral relations.

This morning, the Turkish military attache was received by Major General Sheme Kosova, the chief of the Army General Staff, and Alfred Mosiu, the vice minister for defense policy. Colonel Denis Yeshilirmak, the former Turkish military attache in Tirana, also attended the meeting.

Ministry: 1,005 More Refugees Deported by Greece

AU2508161394 Tirana TVSH Television Network in Albanian 1800 GMT 24 Aug 94

[Text] The Public Order Ministry reports that in the wake of the deportation of Albanian refugees by Greek authorities via three border crossing points, some 1,005 other persons were added to the 12,830 refugees announced yesterday, thus totalling 13,835. Of them, 832 persons were deported via Kapshtice, 120 via Kakavije, and 53 people from Sarande. Among the deported, 35 were supplied with regular documents and some of them were mistreated as well.

At the same time, there are reports that at about 1100 [0900 GMT] today, a group of 40 Greek military personnel were seen on the terrace of the building of the Kakavije border crossing point, observing Albanian territory. This act is a continuation of the provocations and pressures by Greek authorities against the border forces of the Republic of Albania.

Ministry Reports Deportation of Greek Journalist

AU2508193894 Tirana TVSH Television Network in Albanian 1800 GMT 24 Aug 94

[Text] The Public Order Ministry reports that Greek authorities are continuing to deport Albanian refugees. The number of 13,835 persons announced yesterday has been increased to 15,763 today. A total of 150 persons were deported from Kapshtice border crossing point today, 750 from Kakavije, and 28 from Sarande, among whom there were maltreated persons and a considerable number who were employed with regular documents.

Meanwhile, the deportation by the Greek authorities of Albanian refugees temporarily employed in Greece continues intensively via the three border crossing points.

The Public Order Ministry also reports that on 23 August 1994, the Tirana police authorities accompanied Greek national Thelka Kitou to the commissariat. She had arrived on a private visit to Albania on 14 August 1994 via Kakavije. She was sent to the commissariat because she was caught red-handed with a false document trying to enter the Tirana court. She had no documents to substantiate her claim that she was a journalist. As she refused to give any explanations, she was declared persona non grata and expelled from Albanian territory.

Zhulali, Turkish Attache View Bilateral Relations

AU2508190894 Tirana TVSH Television Network in Albanian 1800 GMT 24 Aug 94

[Text] This morning, Defense Minister Safet Zhulali received the new Turkish military attache in Albania, Colonel Mustafa Cabanoklu, on the occasion of him presenting his credentials. The Zhulali-Cabanoklu talks displayed the very good level of Albanian-Turkish relations in general and in the military field in particular. Both sides expressed their readiness to further develop bilateral relations.

This morning, the Turkish military attache was received by Major General Sheme Kosova, the chief of the Army General Staff, and Alfred Mosiu, the vice minister for defense policy. Colonel Denis Yeshilirmak, the former Turkish military attache in Tirana, also attended the meeting.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Prime Minister Comments on Resignation Speculation

AU2508191094 Sofia 168 CHASA in Bulgarian 22-28 Aug 94 pp 1, 18

[Interview with Prime Minister Lyuben Berov by Ivaylo Danailov; place and date not given: "Berov Will Resign in September, But He Does Not Remember What Year"]

[Text] [Danailov] Professor Berov, what happened to your notorious resignation? Actually, why did you ever mention a resignation?

[Berov] Tell me where, precisely, I said this?

[Danailov] You said it in the parliament, in the context of a speech in which you said that you would work until 1 September.

[Berov] I never said that. You can check the stenographic record—it's the only valid document. I said, and I still maintain, that this government has a limited period of activity. It was formed to carry out certain tasks as set out in the 29 paragraphs that constitute its program. A deadline has been set for the implementation of those tasks, namely, September. It has not been specified whether that is 1 or 29 September.

[Danailov] September of what year?

[Berov] Circumstances will determine that.

[Danailov] Is it true that representatives from all the parliamentary factions have come to you and asked you not to resign?

[Berov] No. Perhaps some people thought of doing this, but so far no one has come to me.

[Danailov] Will someone demand your resignation?

[Berov] You must ask the parliament. Let me tell you that if someone demands my resignation I will invite him to dinner.

[Danailov] Actually, do you have a reason to resign?

[Berov] Do I have a reason? Let me tell you that my position turns me into everyone's target, including the media, which does not always react in an appropriate manner. This is not very pleasant. I do my job because maybe I have the conviction that I work for Bulgaria, a notion certain people reject.

[Danailov] Mr. Ludzhev [New Policy Center chairman] said the following: "I know that Berov is cynical enough not to resign." He also said that experts of the "Berov" type are impossible people, and therefore it is better to have a new cabinet.

[Berov] Let us not talk about certain people's cynicism.

[Danailov] Do you think that the superpowers—the Russian and U.S. ambassadors—interfere in our political activities regarding setting the date of the elections? Have you heard anything to that effect?

[Berov] I have not heard anything like that. First of all I am not a political entity, I am the government. I have not met with those ambassadors.

[Danailov] Can you comment on the so-called presidential cabinet?

[Berov] Why do you ask me? Ask the president. I will not form such a cabinet, because it is the parliament that forms cabinets.

[Danailov] Recently there have been many reports about a certain meeting in Khisarya. How do you assess this?

[Berov] Those meetings do not affect me. I could even say that maybe somebody is concerned about my health and wants to relieve me.

[Danailov] A newspaper even said that Stoyan Denchev will be the next prime minister.

[Berov] This is not serious. We remained friends with Stoyan Denchev despite differences on some issues. The entire thing is not realistic.

[Danailov] When you fired him it was said that you did this because of his private business relations. Then you replaced him with Mr. Blagoev, who still has a private company, I believe. Is this not so?

[Berov] No. He has a private company, but he is not active in it. A new concept—freezing—appeared three years ago. You put something in the freezer and everything is all right.

[Danailov] There is no such provision in Bulgarian law.

[Berov] Either way, he has a company to establish a university in Bulgaria.

[Danailov] Is it necessary to overhaul the current government when you have a program until the end of the year?

[Berov] Nothing of the kind. The program on the basis of which we received a vote of confidence runs until September. No new program is needed. I must give a report—that is my job. Afterwards—it is up to the parliament.

[Danailov] Can you report any successes?

[Berov] I think so. The debt deal that we concluded and that the parliament ratified with great difficulty is a success. Mass privatization is gathering momentum. Certain minor documents are still to be adopted, but the major, general decrees have been adopted, and should be published in DURZHAVEN VESTNIK. On Monday [22 August] we will discuss the investment funds regulations. The decree on bonds registration will also be issued soon. There will be certain minor difficulties in printing the bonds, regarding paper, ink, and numbers, in order to avoid forgeries.... This makes things more expensive and causes delays, but the problems are not insurmountable.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

[Danailov] According to the National Statistics Institute, prices have gone up 60 percent. The dollar also rose.... The price of meat almost doubled. Do you not have a feeling that the cabinet is somehow responsible for all this?

[Berov] In general, everyone blames the cabinet for everything. It is a target of sorts and this also applies to the newspapers. When they do not have enough material they fill up the pages with the cabinet. An English proverb says that no news is good news. Only bad news counts.

The fluctuation of the dollar is a normal phenomenon. Its increase within the framework of the price increase is also normal.

The prices of meat and bread are a separate issue. There is speculation with the bread and cooking oil. If it becomes necessary we will act, as we did with the cooking oil. This is not a market measure, but circumstances require it.

[Danailov] Can I ask you where my colleagues might purchase cooking oil?

[Berov] Let them wait awhile. The salad they eat with their plum brandy can be prepared without any oil. Let them wait until 15 September, when the local oil will be brought to market. This also depends on the condition of our plants' equipment. Currently, 16 to 18 of them are undergoing repairs. This is regular annual maintenance. We will not only overcome the crisis; we will also export oil.

When I speak of stabilization, this means first of all that the drop in production must stop. There have already been brief intervals in which an increase in production could be observed.

[Danailov] Yes, but prices continue to go up.

[Berov] Prices are prices, and they will always go up because currently inflation in Bulgaria has not been tamed, as is the case in the Czech Republic. However, the Czechs did not pursue the fragmentation of their agriculture—as we did in such a pitiful manner. They preserved the old collective farms and just replaced the management. They provided those who wanted it with a plot of land. Also, Czechs are different people, and the importance of ethics is greater there. This also affects prices. In our country people who want to become rich within a month or by the end of the year inflate prices to an unbelievable level. Such speculation creates the abnormal conditions in our market.

[Danailov] How are your relations with the trade unions at present?

[Berov] I do not see any positive developments in those relations. Trenchev [Podkrepa Labor Confederation leader] came to me several times, but this did not affect his policy at all. He could come also to you and be very benevolent, but he could also say that the government should be hit with a stick. His behavior is contradictory, but this does not affect me.

[Danailov] What about Mr. Krustyu [Petkov, leader of the Confederation of Independent Trade Unions in Bulgaria]?

[Berov] His behavior also is contradictory, but I do not determine the behavior of trade unions and their leaders. Whether trade unions in Bulgaria are powerful or not is a separate issue, and we could discuss it, but at present I cannot assess this issue.

[Danailov] Why did you break off relations with "Multigroup?"

[Berov] I did not break off those relations. I have said this many times and I will repeat it. I will always support a financial group that respects the interests of the people and the state. I cannot support a group that works against the state.

[Danailov] Nevertheless, there was a contract.

[Berov] No, there was no contract. First of all, the cabinet could not be party to such a contract. However, the cabinet assessed that this contract, whether signed legally or illegally, must be checked by "Multigroup" and Mr. Popov, the Bulgargas representative. This contract does not correspond to state interests, it is harmful. This can easily be verified. No one tried to defend the economic aspects of the contract on their behalf. I refer now to the contract's legal aspects, not its economic efficiency. Therefore, if they want to talk with me in a normal manner, as Bulgarians who need their state, they must forget about this contract. We believe that the contract does not correspond to the interests of those state enterprises. Let them sign a new contract in accordance with the conditions set by the cabinet. This is what I told them yesterday. This is all.

Commentary Forecasts New Cabinet, No Elections

AU2508134894 Sofia KONTINENT in Bulgarian 20-21 Aug 94 p 4

[Commentary by Genka Markova: "Further Away From Elections"]

[Text] Ministers and worried politicians are trying to guess whether the prime minister will resign in September as promised, or whether they will have to demand his resignation. The entity which still exists as a parliamentary majority is about to disintegrate and obtain a new shape and image. The state is withering away and naturally, alternative lists of new cabinets are flying around in the hazy political firmament.

While certain politicians categorically deny any secret meetings, Georgi Markov has openly made a bid for power. He did this on behalf of the Union of Democratic Forces [SDS]. There can be no doubt that others will do the same, such as the so-called centrist formations.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Actually, the Bulgarian Socialist Party [BSP] is also calling for new elections; however, nothing is preventing that party from postponing its open participation in the government at precisely this moment, which is a rather uncomfortable one for assuming power.

Politicians and voters have grown tired over the last four years waiting for a powerful government to lead the country out of the problems into which it has been sinking. However, the formula for preparing a heir to Berov speaks of a new cabinet rather than of new elections. This formula too closely resembles the one by which the current cabinet was formed, and in this respect it does not contain any new prospects for the state, because it will depend on another foggy majority. Replacing the faces of the people in the ministries does not mean replacing the executive power formula.

Foreign Minister Comments on Visit to Albania

AU2508182094 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 25 Aug 94

[Text] The visit of Foreign Minister Stanislav Daskalov and Daniel Tarschys, general secretary of the Council of Europe, to Albania ended.

Upon his arrival at Sofia airport, Minister Daskalov summarized the results of the visit, which is the first among similar visits to countries that are candidates for membership in the Council of Europe. This is what he said to our correspondent, Vanya Manolova:

[Begin recording] [Daskalov] We are very pleased with the meetings that took place with the president, the chairman of the parliament, the political forces, deputy ministers, and the members of the Supreme Court. We also are pleased with the assurance we received regarding the adoption as soon as possible of a new constitution and new laws that affect Albania's candidacy in the Council of Europe.

[Manolova] Mr. Daskalov, what difficulties in Albania's democratic process could diminish Albania's chances to become soon a member of the Council of Europe?

[Daskalov] I would not say that there are difficulties in Albania's democratic process. It simply is a matter of the requirements and criteria of the Council of Europe, with which every candidate country must comply. In the case of Albania, we expect that a new, full-fledged constitution is adopted, something that will facilitate the elimination certain difficulties. [end recording]

To our correspondent's question whether the quarrel between Albania and Greece regarding the Greek minority in Albania could delay Albania's admission to the Council of Europe, both Minister Daskalov and Mr. Tarschys stressed that the issue belongs to another circle of problems, which will not obstruct Albania's candidacy.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Klaus Interviewed About Communists, Environment

AU2608103994 Prague LIDOVE NOVINY in Czech 19 Aug 94 pp 1, 3

[Interview with Prime Minister Vaclav Klaus by Karel Kriz; place and date not given: "We Are Confronted With Negative Mentality"]

[Text] [Kriz] You mentioned recently that there is a wave of agentomania in the republic. There has been one Czech prime minister, your predecessor, who kept an ear to the ground in that context. Do you intend to follow his example?

[Klaus] There is a constant conflict of mentality in this country, and on a number of planes. One of these is the conflict between the positive and the negative mentalities. We are constantly confronted with a negative mentality that keeps harking back to the past. It is wrong to drop down to that level of perception of the world and it would not be in accordance with our concept of overcoming what is left of the communist past. There is absolutely no link between what I have said and the punishment of specific crimes committed under communism.

I have a feeling that what is signalled by the debate on an agent or agents in the management of a given company is an expression of that conflict of mentalities. I felt it necessary to point it out.

[Kriz] In Warsaw a former agent of the Polish communist intelligence service was recently appointed head of the security service. Does such a step conform to your way of thinking?

[Klaus] It is not up to me to comment on the internal affairs of our neighbor. Nevertheless, I would like to say two things: First, we would not do anything like that. And also, in our legislature appointments to state and government posts and appointments to economic and non-state posts are differentiated. In this respect, the Polish appointment is an altogether different matter from the one being discussed in our country.

[Kriz] On 17 August, the government rejected the Principles of the State Environment Policy submitted by Minister Benda. What was the main problem?

[Klaus] The government did not agree with the basic philosophy on which the material was based. It is neither an action program nor a usable manual for the government and Environment Ministry on how to behave and work in the future. In this respect, the material is unstructured, not properly prioritized.

It was not a 10:9 vote but rather the unequivocal opinion of the government. In no circumstances has the government shown an irresponsible approach to the environment but rather the opposite.

[Kriz] Does the philosophy of the submitted material conform to the market economy?

[Klaus] In that respect, Benda's material is neutral. It could have been issued at any time, under any system. The dominant, essential factor that fundamentally affects the conduct of those active in the social and economic processes is missing from Benda's material. The environment is not something autonomous, it is an intrinsic part of our lives. Therefore, the fundamental determinant of the environment is a political, social, and economic system that determines the behavior of each of us. The condition of the environment is a result of this behavior rather than of any specific activity of the state. I cannot identify with a philosophy of an autonomous state environment policy. I am convinced that the introduction of a market economy, the definition of ownership, and the democratic process are 1,000 times more important for the improvement of the environment than all the government environment projects.

[Kriz] You chair a right-wing government. Is there something like a right-wing environment policy?

[Klaus] We could use this term as a certain simplifying abbreviation. I see the left orientation in ecological matters as separating the environmental dimension of life from the other dimensions, and as a sign of the feeling that the environment can be ordered about, that one can order the wind and the rain about, and solve everything by the inspired decisionmaking of a number of individual geniuses at some ministry. The right orientation, on the other hand, says that the condition of the environment is a result of a spontaneous process of decisionmaking by millions of citizens. That is the beginning. The efforts of the state are a marginal appendix to it all.

[Kriz] Does the continuing high credit margin of our commercial banks make you anxious?

[Klaus] The enormous spread in the credit margin that exists in this country makes me very nervous. There are many reasons for it, some of them objective. The large margin reflects the greater degree of insecurity in our economy, which is logically greater than in Germany, for instance. I believe, however, that a part of this problem is caused by an erroneous perception of the situation of the banks, erroneous foreign audits that work with absolutist ideas and thereby press for inordinate increases in our bank reserves.

Weapons Chief on Relations With Defense Ministry

AU2608094494 Prague CESKY DENIK in Czech 20 Aug 94 pp 1, 2

[Interview with RDP Group Director General Viktorie Hradska by Jiri Stastny; place and date not given: "We Do Not Want To Act as Another Omnipol"]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

[Text] *According to Defense Minister Antonin Baudys, the campaign for his dismissal on the grounds of recent scandals in the army was artificially provoked by groups of people who are interested in state procurement orders for the army. We asked Viktorie Hradska, director of the country's largest arms consortium, about it:*

[Stastny] How are current relations between the RDP [Research, Development, Production] Group and the Defense Ministry, and why have they been described as bad in the past?

[Hradska] I do not want to pass judgment on why they were bad in the past, that is, at a time when I knew about them only from the press. I do not believe that this was due to fundamental systemic misunderstandings, but, rather, a discrepancy in ideas about mutual cooperation. Much also depends on the way communication is established. As regards current relations, there is no reason why they should be bad. I believe that we need each other. The enterprises that we incorporate are interested in communicating with the ministry. They want to know the ministry's plans and participate in them, if possible. We would like to set up an information service, including feedback for the state administration. For the time being, my experience of contacts with the Defense Ministry is not bad.

[Stastny] Minister Baudys has several times questioned whether another plan is needed, as you say, and he even suggested that some projects were being forced upon him.

[Hradska] I certainly do not think that anyone could force anything upon him. There are several spheres that can form a basis for future cooperation. One is the army's procurement plan, that is, its priorities, secured by financial means. Our shareholders are impatiently waiting for this plan. Knowledge of this plan and possible participation in it could influence the orientation of production for the next 10 years. The second sphere is the army's needs for which it does not have the funds or sufficient capacities. Here, we can offer active help. On the other hand, within a third sphere, the army could help us test products that have export prospects after receiving positive references. The army could thus help us export products without having fully to procure individual items itself.

[Stastny] How do you view Minister Baudys's statement that people dissatisfied with how the army is distributing state procurement orders are behind recent affairs such as the shooting incident on the aircraft flying to Sweden and General Barta's shop- lifting?

[Hradska] This statement originally startled us, but Minister Baudys soon expressly denied that he meant our group. I do not know whom he meant specifically. I cannot even imagine how this would work in our conditions. So-called "lobbying" means that individual enterprises maintain contact with parliamentary deputies and familiarize them with their own interests and goals.

[Stastny] Some people are saying that the practices indicated by Minister Baudys are being used by Aero Vodochody [aircraft manufacturer].

[Hradska] Aero Vodochody is not a member of the RDP Group. I cannot responsibly say why this is so until there are direct negotiations between us. Our group represents 75 percent of the Czech arms industry, but aircraft production and part of the electronics industry are not represented in it.

[Stastny] Why was the consortium established at all and how does it function?

[Hradska] The group was established when a recession was being artificially induced and individual enterprises were fighting for their survival and for the preservation of arms production in our country. Our intention was to accumulate funds, coordinate activities, and—by employing a common strategy—ensure research and the further development of this sector. At present, we incorporate 39 enterprises. We want to establish cooperation with non-members as well.

[Stastny] What is your primary task at present?

[Hradska] Providing information, cooperation, and commercial services for the shareholders, and, certainly, the acquisition of export licenses, as regards external relations. We are going to submit an application for an export license in the next few days. We would like to cooperate with state administration bodies, with whom we have common interests and to whom we would provide analytical and information services. We would then become a feedback channel between macroeconomic plans of the state and individual enterprises. I am preparing a new entrepreneurial plan for the presidium's meeting in September. If it is approved, the previous activity of the group will change somewhat.

[Stastny] How do you view the law on granting arms export licenses? How could have things happened such as the incident with exports to Panama or Thailand, or the seizure of our shipment in Austria?

[Hradska] I only know about these events from the outside, but it can happen that a shipment goes, without your knowledge, to a destination different from the one declared in the license. The law on granting licenses is very strict and I doubt that an error could have crept in during the process of granting the license.

[Stastny] Are you going to specialize in arms trading?

[Hradska] This certainly will not be our exclusive activity. We are not creating another Omnipol [arms exporting monopoly under communist regime]. As a matter of fact, a number of our shareholders use the services of Omnipol or other commercial representations. In case of need, they will also be able to use our services.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Change in Financing Czech-Slovak Trade Suggested

94CH0388A Prague RESPEKT in Czech 7 Aug 94 p 3

[Article by Marcela Doleckova: "There Has Been Enough Clearing"]

[Text] In recent weeks and days, some media have been commenting on the fact that the Czech Republic is running a deficit in its clearing account with Slovakia, almost as though it were a national catastrophe. This is nothing more and nothing less than a predictable and anticipated phenomenon. What actually happened?

First, the known facts. The division of Czechoslovakia transformed commerce between the Czech lands and Slovakia from an intrastate character to a foreign trade character. Naturally, this resulted in appropriate difficulties, beginning with the imposition of customs duties (a customs union does not mean the nonexistence of customs duties but merely that the same customs duties apply with respect to third countries) and ranging through the certification of products. But, because the Czech and the Slovak economies in the common state were heavily intertwined and, in fact, were dependent upon each other, Prague as well as Bratislava attempted to see to it that, after the demise of the federation, mutual trade did not decline too rapidly and too excessively. But shortly after the division of the federation, the currencies were also divided. And because neither of them was (and is) convertible, the intention was to have mutual trade take place in terms of dollars, marks, or francs. Theoretically, this was possible because, in both countries, the system of so-called internal convertibility continues to function, a system that gives every importer the right to purchase "hard currency" at will. But the birth of the new states was accompanied by a certain degree of nervousness, which, among other things, became manifested even in the thinning down of foreign exchange reserves, in both the Slovak and the Czech banking systems. And, under these conditions, to make available more than $1 billion that would be tied to Czech-Slovak trade appeared unrealistic.

Clearing became the way out, and no one was making any secret of the fact that it was only temporary in character. Socialist Czechoslovakia, permanently suffering a shortage of foreign exchange, had a certain amount of experience involving clearing: In the past, for example, with India, Czechoslovakia was unable to import bamboo valued at more than the price of metal-cutting machinery delivered to India. For purposes of Czech-Slovak trade, this method was somewhat innovative, but the principle remained the same. Every Czech (Slovak) exporter today is showing prices on his books for deliveries made to the neighboring country in convertible currency, but, instead of receiving dollars or marks from Bratislava (Prague), he receives Slovak (Czech) korunas and does so in the amount corresponding to the actual rate of exchange. In practice, however, the money only reaches the "border"—arriving at the clearing center in both central banks. There, the money flow is compared on a daily basis, and a determination is made as to which side happens to have a deficit in its accounts at the moment. Because this balance naturally fluctuates from day to day, both countries have agreed to a so-called credit limit: They mutually lend each other funds up to 130 million ECU's. At regular three-month intervals, a mutual accounting is accomplished. Whatever exceeds the limits of the loan must be paid by the debtor in actual "hard" currency. In January, Slovakia paid Prague approximately $40 million; now, there is every indication that the Czech Republic will be paying.

In practice, then, the Czech deficit at the moment means nothing more than the fact that the value of imports from Slovakia is higher than the value of Czech deliveries to Slovakia. This determination, however, cannot be overly surprising to anyone because the Slovak foreign exchange reserves were much harder to supplement than the Czech ones, and Bratislava made no secret of its effort to limit imports. That is why, for example, the Slovak koruna was devalued against the ECU, making Czech goods more expensive on the Slovak market. This consideration is also reflected in statistics: For the first six months of this year, Czech exports to Slovakia declined by more than one-fourth (imports from Slovakia during the same period declined only approximately by 5 percent).

Is everything, therefore, in order, and is there nothing to be upset about? The point of contention is that customs statistics indicate something altogether different. Despite a substantially more rapid decline in Czech exports than in imports, mutual Czech-Slovak trade remains in balance. Why then is not the accounting in balance at the clearing center? Here, we can only speculate. Perhaps exporters and importers have agreed on another method of accounting (perhaps a method that is not completely legal). Perhaps "someone" in Bratislava is deliberately holding back payment so as to improve his political image.

No matter what the truth, the above makes it clear that both Prague and Bratislava would do the best job if they would use convertible currencies in future mutual trade. There is no doubt that the foreign exchange reserves in both countries will be adequate for this purpose. And then let every exporter on either side of the Czech-Slovak border worry on his own about the payment morale of his customer.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

KDH Leader on Problems With Hungary, Election

AU2508175394 Bratislava SMENA in Slovak 19 Aug 94 pp 1, 7

[Interview with Frantisek Miklosko, deputy chairman of the Christian Democratic Movement, KDH, by Alena Melicharkova; place and date not given: "Shall We Permit Another Six Months of Chaos?"]

[Excerpts] [Passage omitted] [Melicharkova] How do you view the chances for a Slovak-Hungarian settlement after Mr. Horn's visit to Bratislava on 5 August?

[Miklosko] I am rather skeptical. I thought that Prime Minister Horn and the Socialists, not to mention the Liberals who are part of the coalition, would approach the Hungarian-Slovak problem much more pragmatically. It has become apparent that they approach it even more nationalistically than Antall's government did. Demands for self-administration on the territory of southern Slovakia, which are coming quite unequivocally from members of the Hungarian Government, cannot be met by Slovakia. I am therefore skeptical with regard to the conclusion of a treaty between Hungary and Slovakia. On the one hand, the Hungarian side is ready to confirm existing borders. For this it wants a big trade-off. It wants the Slovak side to take the first steps toward ensuring the establishment of self-administration for the Hungarian ethnic minority on our territory, which the Slovak side cannot accept. The Hungarian-Slovak developments will be very complicated. The Hungarian side wants to have as many border crossings as possible, which is highly logical. If there will be many border crossings and natural migration in both directions in search of jobs and business opportunities sets in, Hungary, by virtue of its being bigger and economically stronger, will gradually gain influence in our southern territories. It could happen that southern Slovakia will actually come under the influence of Hungarian capital. Whether this will really happen is up to future governments. It would be absurd to deal with this problem by means of a conflict. In our opinion, it is necessary to rely on international conventions—the stability pact and other agreements. Our steps must be subordinated to international criteria. The law on registers and the law on bilingual signposts are matters of course from this viewpoint. Such laws are self-evident in the world and they do not cause any problems. Since we have taken these steps, we can calmly say that we will not accept self-administration, because it is not self-evident in the world, and we will be able to defend this position successfully. Provided, naturally, that we build an economically and culturally strong Slovakia. [passage omitted]

[Melicharkova] The elections are drawing near and it seems, according to the polls on party preferences, that the distribution of seats in parliament will not change much. What should these elections resolve, in your opinion?

[Miklosko] The elections will take place in a critical period. Certain alliances have already taken shape around us and Slovakia cannot afford to mark time endlessly. Well, it can, but in that case it will remain isolated. The elections are taking place in an atmosphere of domestic confrontation. Attacks on the president are to be expected, which is absurd. It is absurd when the president is beginning to be attacked by his own movement and when, in interviews for the press, he comments on the possibility of his dismissal, something that is without parallel in democratic countries. It needs to be stressed that the president has been elected and that no reason exists for him to be recalled. He has the support of the international community. If someone intends to come out against him in a confrontational spirit, he will discredit himself, also before the world. It is possible that it will be difficult to form a stable government after the elections. It is important that it no longer be dependent on Hungarian votes and that it have a comfortable absolute majority in parliament. Should it not be possible to form such a government, however, six months of chaos will follow, six months of provisional governments that will rule for 30 days, after the passage of which parliament will not accept their policy statements, and, following the third nonacceptance, new elections will be called. It is therefore necessary to approach these elections with all due seriousness. I believe that if a big coalition similar to the present one continued, it would be tolerable. Provided, however, that it will have a majority itself, without having to depend on Hungarian votes. If not, there will not be a stable government and there will be quite big problems. [passage omitted]

Government Vows To Revive Privatization Program

MS2508125694 London FINANCIAL TIMES in English 25 Aug 94 p 2

[Report by Vincent Boland: "Slovakia Prepares Its Sale of the Century"]

[Text] Bratislava—Slovakia's governing coalition, which came to office in March vowing to revive the country's stalled privatisation programme, is about to make good on its promise.

On September 6, three weeks before a general election, the government of prime minister Mr Jozef Moravcik is due to approve the sale of up to Kcs250bn [Koruny] (5.2bn pounds) worth of state assets to the private sector. It is one of the biggest mass sell-off programmes of any post-Communist country outside the Czech Republic.

However, given the government's distinctly end-of-term air, nobody is taking anything for granted. Officials admit there is still a lot of work to be done. "People are working 24 hours a day to get everything finished," said one, exaggerating only slightly. "We are trying to make up for the previous government (of Mr Vladimir Meciar), which didn't do much, to say the least."

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Privatisation was the issue which brought down Mr Meciar. Mr Moravcik is hoping it will ensure him a second term when Slovaks vote on September 30 and October 1 in the first general election since independence 20 months ago.

Getting his fragile coalition to approve such a sweeping sell-off programme will be difficult. The Democratic Left party (SDL), comprising mainly former Communists with seven ministers in the mainly technocratic government, is divided on the issue. Luckily for Mr Moravcik, the SDL's pro-privatisation wing, headed by deputy prime minister Ms Brigita Schmognerova, is currently in the ascendant.

"Privatisation is the most difficult issue facing the government", admits Mr Eduard Kukan, foreign minister. He maintains, however, that it is less whether the policy should be implemented, than how, that divides the left and right wings of the coalition, and that the government is committed to the programme: "We intend to fulfil our promise."

But the plans have come under fire for allocating only a quarter of the sales to voucher privatisation. Slovaks are already familiar with the voucher method, a device used the last government of the former Czechoslovakia in which citizens buy vouchers and exchange them for shares in the companies of their choice. About 30 per cent of Slovak industry had already been privatised in this way before the federation split at the end of 1992.

The new programme calls for disposing of Kcs80bn of assets via the voucher method, though this may yet be reduced to Kcs60bn. The remainder will be sold directly to investors or management, or floated on the stock market. This has been seized on by the government's free-market critics as evidence that it is a hostage to its hard-left wing.

With opinion polls suggesting the SDL and Mr Meciar's Movement for a Democratic Slovakia will emerge as the biggest parties after the election, it is fear of the return to power of the former prime minister, a hardline nationalist with no inclination towards privatisation, that is driving the government to push through its proposals.

This has also led it to strengthen anti-corruption and money laundering laws alleged to have been ignored or abused during the last days of the Meciar administration. Three weeks ago parliament enacted a law which requires all Slovak citizens buying state property to provide documented evidence of the source of their funds.

However, there is now the prospect of that law being seriously undermined. An opposition-inspired parliamentary order has forced President Michal Kovac to call a referendum to enshrine a similar clause in the constitution. However, the question voters are to be asked to decide is extremely vague, and there are fears that if the referendum goes ahead—it is scheduled for October 22—it could vitiate the newly strengthened legislation, which has been praised for its comprehensiveness.

The government, as a result, would like to avoid the referendum, but summoning a parliamentary majority to repeal the order is proving impossible. Too many politicians are getting campaign mileage out of being seen to support it.

This is exactly what Mr Moravcik was hoping to avoid. Instead, he has inadvertently handed a stick to the nationalists, who have taken to beating the government with it. Whether it becomes an issue when the election campaign kicks off in earnest in the weeks after the privatisation vote could overshadow the government's own campaigning platform—that it keeps its promises.

Article Considers Economy, Prospects for Future

94CH0389A Bratislava NOVE SLOVO BEZ RESPEKTU in Slovak 25 Jul 94 pp 28-29

[Article by Jaroslav Fidrmuc: "What Is Your Nature, Slovak Economy?"]

[Text] *Discussions regarding points of departure for compiling the Slovak Republic budget for 1995 have focused attention on the overall evaluation of the present situation in the Slovak economy and its immediate prospects.*

In general terms, stagnation ranging through a modest increase in the gross domestic product (0-2 percent) is expected for next year; 10- to 12-percent inflation is also expected, as is approximately 16- to 18-percent unemployment. But what is more important is whether the prerequisites for future development are being created. These should result, on the one hand, in expanding possibilities for sales and, on the other, for investments and the employment of hundreds of thousands of the not only openly unemployed but also the "hidden" unemployed. The latter are surviving for the most part in jobs in enterprises, but also in the domestic field. At the very least, their numbers equal the number of openly unemployed—and they almost exceed them.

Growing sales should primarily assure the growth of domestic consumption. But, expressed in real terms, the latter is stagnating or is almost declining further. And, while small and medium-size businesses are being stimulated—it is true that this is occurring in only a declarative manner—or large state enterprises are continuing to be realistically subsidized because the state lacks the courage to decide to let them go bankrupt, real consumption is not being stimulated. There is fear of inflation and of consuming existing substance.

But inflation results in raising taxes, brings with it enormous growth of business surtaxes, frequently in multiples that exceed acquisition costs, and, last but not least, results in the devaluation of the Slovak koruna. With the real buying power of the Slovak koruna being approximately three times higher than its rate of exchange in terms of convertible currencies, the material

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

substance of possible consumption is moving abroad to a virtually decisive extent. However, there the development of Slovak production is not stimulated in any way. And the undervaluation of the Slovak koruna through devaluations was undertaken precisely in the interest of stimulating sales—in this case, foreign sales. The stimulation of foreign sales thus tends to limit domestic demand, mostly as a result of the inflationary spiral.

A peculiar situation has developed with respect to unemployment in Slovakia. Unemployment, together with hidden unemployment, is enormous and is approaching 1 million individuals. However, as was determined at the conference on the labor market in the Slovak Republic, which was organized by the Economics Institute of the Slovak Academy of Sciences and the Friedrich Ebert Foundation on 28 June 1994 in Bratislava, this is not such a difficult problem. Every unemployed person, even though his income has declined severely, receives either a support contribution before beginning a new job or a social security payment—in other words, he continues to be only a hidden unemployed person. Moreover, every individual has even other income from various forms of self-help in the economy and as a result of temporary employment. However, this situation is detrimental to the state budget; it borders on being intolerable. There are no ways out of this situation: Only increasing the efficiency of the Slovak economy can be helpful.

The way out is normally sought in foreign capital. In a situation where savings are not growing (on the contrary, they are almost declining), economic theory indicates that this is virtually the sole source of new investments for restructuring and modernizing an economy that would assure the necessary sales volume as well.

However, the volume of foreign capital in Slovakia continues to be negligible. Toward the end of March, it amounted to $388.4 million—that is to say, 11.5 billion Slovak korunas [Sk]. Moreover, foreign investors have been practically withdrawing from Slovakia in recent times, mostly from the capital market. Apart from political instability in Slovakia, which is something that discourages them, they are enticed by renewed prosperity in other parts of the world—from industrially developed nations through developing countries. And Slovakia is preparing attractive conditions for foreign capital. In the second wave of coupon privatization, securities of extensive book value are to be set aside for foreign capital, the sum of which is being finalized. Billions worth of enticements are being prepared by investment funds and small domestic investors trying to minimize their losses.

It is anticipated that foreign capital will return to the Slovak capital market as early as the fall of this year. The question is at what cost. The first considerations, for example, regarding the possible sale of the Viktor Kozeny capital empire are in the neighborhood of one-fifth of the book value. The question remains as to the kind of inquiries being made by foreign diplomats in private conversations because foreign investors sometimes have no desire to purchase Slovak enterprises in order to be rid of the social and ecological dumping practices of Slovak enterprises in competition.

Overall, it is clear that domestic Slovak resources will have to play a decisive role in the renewal of economic growth. It is difficult to visualize any other procedure without taking into consideration the fact that Slovakia must become a sphere of other foreign prosperity. Some enterprises have already embarked upon this road—for example, Slovnaft, which would like to pay off the anticipated approximately 17 billion in investments from its own resources. It is true that Slovnaft is a profitable enterprise, but it turns out that several Slovak enterprises are profitable, according to accounting considerations, with many enterprises almost concealing their profits, if only for tax purposes.

It is also obvious that Slovakia cannot remain in a state of economic disintegration, which is in opposition to socioeconomic developments. Following the division of the common state with the Czech Republic, the census as to what remained in common indicates that a considerable amount has so remained. The common portion of the banking system has remained (the Czech Bank of Commerce, the Co-op Bank as a joint cooperative bank), some sales organizations have remained at least partially common—for example, Ferona, even though in the other country they have the character of a company with limited liability, but with 100-percent ownership being vested in the parent firm. In this way, the Incheba Corporation has remained as a joint operation, with an independent subsidiary in Prague, and the same is true of several production enterprises—in fact, they are catching their second wind following the shock based on the demise of the common state. But even joint enterprises with a different organizational arrangement are being newly established even in areas where they never existed before.

A great burden for Slovakia on the road to new development, however, will be the expenditures for debt service abroad. In 1993, they amounted to Sk12 billion (but they were budgeted to be only Sk7 billion); in 1994, they are being budgeted at a level of Sk23.4 billion, and for 1995 the preliminary expenditures are expected to amount to virtually Sk40 billion. These are sums that, already today, not only exceed the volume of foreign capital engaged in Slovakia, but also, compared to it, represent even higher annual interest payments that have been consumed, for the most part, without showing an actual effect.

From the current development of the Slovak economy (as well as from other countries of Central and East Europe), it can be seen that, in their economic transformation, individual countries in this portion of Europe in recent years committed fundamental errors, as was so pregnantly expressed at the two-day seminar of the

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Economic Commission of the European Forum for Democracy and Solidarity of the Socialist International (held 2-3 July 1994 in Bratislava) by John Eatwell, Cambridge University professor and a member of the British House of Lords.

John Eatwell did not identify these errors, but they can be augmented: In essence, spontaneous privatization predominated—it represented virtual individual enrichment based on privatization and its misuse to acquire political power, within the framework of which even the most democratic form of privatization, coupon privatization, was misused; the selling out of the economy by way of not only enormously cheap sales of Slovak enterprises to foreign capital (this form is now just beginning), but also in terms of the enormous differences between the rates of exchange of currencies in this part of Europe and their real buying power, as a result of which, for example, given the current undervaluation of the Slovak currency by approximately a factor of three, a decisive portion of the material substance of consumption is being delivered free of charge to foreign countries, etc.

The above-cited important representative of the Labor Party, who is also frequently identified as the father of the state-supported and enterprise-supported EZOP [expansion unknown] employee movement, stated that these errors were committed by the rightist parties in this part of Europe. On this point, on the basis of the Slovak experience, it is unfortunately possible to add that these errors were participated in also by leftist parties. On the other hand, as a representative of the West, it is possible to criticize him for the fundamental shortcoming of not speaking also of the fundamental errors committed by the West against this portion of Europe, even by countries having social democratic government parties. The social democratic parties are the strongest in the European Parliament in Strasbourg, and yet they not only allowed the West to provide adequate and effective assistance in this part of Europe, but also did not even provide this part of Europe with adequate opportunities for necessary mutual trade. In this respect, Professor Joffrey Sachs, the author of "shock" therapy, was more critical not only for this part of Europe, but also for other parts of the world.

On the other hand, it is possible to fully agree with Professor Eatwell when, at the end of the seminar, he stressed that it is within the powers of the Social Democrats to eliminate fundamental errors and to bring these countries of Central and East Europe to prosperity. This applies fully to Slovakia, also.

Recently, there has been another shift in views. Even the Liberals, in conjunction with the necessity for thorough state control and even favoring management of privatization, state support for small and medium-size businesses, a skilled state social policy, and state guarantees of savings deposits (at least at decisive banks and savings institutions, etc.), already admit that a society with state guarantees can be a prospering society. In fact, they admit that it is precisely such a society that citizens, be they employers, businessmen, or those dependent on social assistance, need.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Medgyessy To Lead Prime Ministerial Advisory Body

AU2508180994 Budapest NEPSZABADSAG in Hungarian 25 Aug 94 p 1

[Report by Katalin Bossanyi: "Peter Medgyessy Will Be the Leader of Horn's Advisory Body"]

[Text] According to NEPSZABADSAG's information, Prime Minister Gyula Horn asked Peter Medgyessy, chairman and general director of the Magyar Paribas Rt, to head the prime ministerial advisory body that is being formed. The well-known expert—who was deputy prime minister in the Nemeth government and finance minister prior to that—has accepted the position.

We have learned that Medgyessy accepted the position on condition that he would help Horn's work with professional advice. He indicated that he does not wish to operate as a "shadow finance minister" and he basically agrees with the economic policy program that was drawn up by [Finance Minister] Laszlo Bekesi. He also coordinated his decision with the finance minister. At the same time, he indicated it follows from his expert activities that he does not wish to watch the government's financial work without criticism.

A number of well-known economists, political scientists, and sociologists who do not have any party affiliations have also been asked to join the prime ministerial advisory body. According to our information, Laszlo Lengyel, Zita Maria Petsching, Istvan Hetenyi, Anrdas Inotai, Andras Brody, Andras Vertes, Csaba Gombar, and Erno Kemenes have accepted posts as expert advisers.

Talks are still under way with some experts.

Minister Announces Draft Supplementary Budget

LD2508210594 Budapest Duna TV in Hungarian 1900 GMT 25 Aug 94

[Text] It is planned that the government will submit the draft supplementary budget to parliament on 9 September.

The government is planning a 50 billion-forint balance-improving measure in its amendment of the 1994 budget. At a media briefing held after the government session, Finance Minister Laszlo Bekesi said that they will not hold back healthy economic development while halting unfavorable tendencies.

They will increase public revenues finances in 1994 by 13 billion forints and reduce expenditure by 37 billion forints. Expenditure will be increased by 11 billion forints in order to support agriculture.

After the government spokesman's media briefing, the finance minister gave the following reply to Duna TV's question about how the amendments to the budget will affect the everyday life of those living on wages and salaries:

[Begin Bekesi recording] It will mean—and I am only talking about this current package, the 1994 correction package, including the effects of the 8-percent forint devaluation which has already been carried out—that altogether, in the fourth quarter of the year on an annual level, consumer prices will grow by a maximum of 0.8 to 1 percent due to this package.

On the other hand, this group will receive compensation, primarily through pension increases. We are planning a compensation package of 1.5 billion forints to offset the energy price increase which is due later, around October. With the enhancement of social policy benefits this amendment to the supplementary budget will be fully compensated. [end recording]

Trade Deficit Reaches 176 Billion Forints

AU2508193994 Budapest MAGYAR NEMZET in Hungarian 25 Aug 94 pp 1, 11

[Unattributed report: "Foreign Trade in the First Six Months—The Deficit Is 176 Billion Forints"]

[Text] In the first six months, imports increased by 24 percent and exports by 27 percent on current prices. The value of imports reached 650 billion forints and exports amounted to 474 billion forints. A 176 billion-forint—almost $1.7 billion—deficit arose in the trade balance, which is 23 billion-forints more than the year before. The Central Statistical Office reported the data to MTI on 24 August. Until the end of the first quarter, the value of imports increased every month and decreased somewhat in April, May, and June compared to the March peak.

The average price level of imports measured in forints increased by 11 percent in the first six months. Considering the 24 percent increase measured on current prices, the increase of volume can be estimated at 12 percent during this period. Exports were not even, either, they continuously increased until March, decreased a little in April, and in June, they already superseded the February-March level. The export volume increased by almost 13 percent because the export price level also increased by 13 percent. In addition to traditional kinds of deals, the turnover in repairs and work carried out under commission agreements also increased in the first six months. The value of active commissioned work increased by 39 percent compared to the previous year. Repairs mainly consisted of the reconditioning Ukrainian airplanes.

Official Views 'Restrictive' Financial Measures

AU2508135094 Budapest MAGYAR HIRLAP in Hungarian 24 Aug 94 p 4

[Interview with Lajos Hethy, Labor Ministry political state secretary, by Judit O-Varga; place and date not given: "The Freezing of Wages Would Be a Step Back"]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

[Text] It is natural that there are still many questions about the economic and social agreement, Lajos Hethy says. He believes that there is plenty of time left for the finance minister to coordinate his ideas with the other ministries and the affected sides. The Labor Ministry very much doubts that the budget would gain in the short term by dismissing public employees. Hethy confirmed that the finance minister proposes a 5 to 6 percent reduction of real earnings in 1995.

[O-Varga] After the August government decisions, it now seems that the new cabinet is only expecting an approving nod from the trade unions and the employers' organizations for its restrictive measures. Can we talk about a real agreement in this case?

[Hethy] It is unfortunate that in the past weeks, news could only be heard about the proposed 1994 and 1995 restrictive measures. It might seem as if the only thing the government expects of the four-year economic and social agreement is the approval of the restrictions. However, this is not the case.

[O-Varga] Can the government give anything in exchange for the freezing of wages and the tax increases?

[Hethy] The employment proposal that is to be drawn up along with the 1995 budget plan will hopefully contain several elements that are advantageous for employees. In exchange for the restrictions, employees and trade unions could get more protection and workplace rights.

[O-Varga] Is there any point in agreeing on a four-year economic policy and basic principles when the 1994 and 1995 budgets have already been determined by the actors of economic life?

[Hethy] The government itself has many debates on this. It would be ideal if we first defined the four-year program and we decided on the financial matters of 1994 and 1995 on the basis of this. In theory, the budget should always serve the economic program and not the other way around. However, the urgent situation makes this difficult at the moment but does not exclude it.

It is one of our major problems that, if the restrictions only increase the burdens of people living from wages and salaries, then they only target the visible incomes.

[O-Varga] Is there another solution?

[Hethy] According to estimates, the gray and black economies might have a 500-550 billion forints turnover. In comparison, the 1994 supplementary budget was prepared for the sake of a 50 billion-60 billion-forints saving. Along such proportions, it is difficult to justify the Finance Ministry's draconian strictness with people living on wages and salaries. We should somehow try to tax the invisible incomes.

[O-Varga] We have heard this from numerous places but no one has yet made a concrete proposal to "whiten" the black economy....

[Hethy] In my view, the ideas would come if the intents were serious.

[O-Varga] For 1995, the finance minister is promising a wage freeze for public service employees and officials. [Finance Minister] Laszlo Bekesi suggests that a wage increase can be awarded if 80,000-90,000 public employees are dismissed. What is the Labor Ministry's view on this?

[Hethy] We have a strong doubt. It is not at all certain that the budget—at least in the short term—would gain by the dismissals. The severance and termination pays, the unemployment benefit, and the possible social benefits might cost more than what can be saved through the wages of the dismissed people. In addition, the dismissals create social tensions.

[O-Varga] The argument says that the public sphere has over-employment.

[Hethy] This is debatable. Some budgetary institutions might have more than the necessary number of employees but new people have to be employed in other places. It is true that we need to have adequate personnel management in the public sphere. However, to do this, the tasks of the public offices will have to be assessed and the staffing adjusted accordingly.

It is also an important issue that it would be extremely dangerous to widen the earnings gap between the competitive and public spheres. I could mention several examples when we had to part with excellent professionals because private enterprises were able to lure them away with much better offers.

[O-Varga] Is it true that the finance minister is proposing a 5-6 percent real wage decrease next year?

[Hethy] Yes, or more precisely, the "real wage mass" should be reduced by this proportion to bring the economic performance in line with the paid wages.

[O-Varga] In other words, the already abolished central wage control will again come into operation?

[Hethy] This would be a step back. It is also true that this step would contradict the government program and the coalition agreement. According to the program, the goal is for the employers and employees to agree on payment issues—among other things—within their own competence, independent of the government. The abovementioned wage restriction would reduce the independent workplace agreements' room for maneuver to zero. In my view, the balance between the wages and performances can only be established on a company level.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Olechowski Seeks Early Ratification of Concordat

LD2508162294 Warsaw PAP in Polish 1517 GMT 25 Aug 94

[Text] Warsaw, 25 Aug—Foreign Minister Andrzej Olechowski has signed a request to the Council of Ministers asking for the quick submission to the Sejm of a Foreign Ministry draft amendment to the resolution postponing the ratification of the Concordat, Foreign Ministry Spokesman Grzegorz Dziemidowicz announced today.

The Sejm resolution postponed the ratification of the Concordat until a new constitution is adopted, to enable the extraordinary commission to check its compatibility with the new constitution. The draft amendment prepared by the Foreign Ministry provides for earlier ratification of the Concordat.

On several occasions, Olechowski has expressed the opinion that postponing the ratification of the agreement with the Holy See until the "unspecified future" jeopardizes the credibility of our state.

Government Document on Defense Issues Detailed

WS2508140094 Warsaw POLSKA ZBROJNA in Polish 25 Aug 94 pp 1, 2

[Article by Jan Forowicz: "A Report for Parliament Members; The Sejm Will Speak Out on Defense Issues"]

[Text] *One must devote more means for paying for the Army's expenses, and one must stabilize the legal foundations of the defense system—such is the conclusion at the end of a document entitled "Fundamental Issues of Poland's Defense System," which was adopted by the Council of Ministers and sent to the Sejm for debate.*

The document was divided into four parts, dealing with international aspects of Poland's security, defense strategy, the defense system, and final conclusions. The most elaborate part deals with the defense system, and was devoted to an assessment of the condition of the Armed Forces, their nature, and changes in their tasks, as well as to personnel issues, directing defense issues, and extra-military components.

The governmental document puts these issues in order, and it refers them over to parliament members with the intention of making concrete debates easier, and so as to prevent unnecessary generalities from being included in the debate on defense issues which has been expected for some time now.

The document's authors—who are also analysts for the National Defense Ministry [MON]—confirm widespread assessments of possible dangers to the country's security. The regions located east of Poland tend to be areas of increased risk currently. A view was also expressed in the document, about a lack of satisfactory achievements by the Visegrad Group. The group's success up to now is mainly about having blocked the danger of recreating some new security structure, which would be guided by the Kremlin and which would go back to the tradition of the Warsaw Pact. According to the analysts, probably the biggest flaw of the cooperation among the four countries is about a lack of agreements on the issue of armaments and cooperation among industries supplying equipment to the Armies involved.

The document also stresses the desire for cooperation and final integration with Western defense structures. It points out that in the course of our efforts to acquire membership in NATO and the Western European Union, we very thoroughly prepared our initial propositions regarding "Partnership for Peace," we are making efforts to have possible dangers debated with NATO, and we take part in multilateral cooperation whenever possible.

The defense strategy takes all possible external dangers to Poland's security into account, and it describes ways of counteracting them. We are trying to prevent conflicts and assist in eliminating crises at the stage of inception.

Prevention First, Curing Second

Military deterrence is one of the indispensable ingredients of the strategy. The reason why MON and the newly emerging lobby groups of people interested in defense issues have been fighting to obtain financial means for the Army, is precisely to retain the ability to deter potential aggressors. One must not, however, lose sight, even for a moment, of the issue of the efficiency of conducting possible warfare, or securing the correct conditions for the state and nation to survive in case of armed conflict.

The behavior of the Army in the case of such a conflict, must be about a quick finalization of the war by locating, stopping, and overcoming the invasion forces. The cooperation of the entire nation is needed for that, as well as an efficient specialist protection against attempts at sabotage and terrorism.

The Sejm deputies and senators were also shown in a comprehensible manner what the functions of a military and extra- military arrangement—and the functions of directing the state's defense system—are all about.

The document submitted to parliament shows the practical sides of the restructuring of the Armed Forces of the Republic of Poland. Among other things, the document states that a new structure of the Armed Forces has been worked out, which makes the Armed Forces more independent in terms of tactics, firing techniques, and logistics, and which are more mobile in different operational areas. The Army has been transformed from the old sluggish strike-oriented structure of the Polish People's Army, into defense-aggressive troops of the Third Republic which are capable of performing new principles of the doctrine of a democratic state.

Unfortunately, the quality of the armament and of technical equipment, as well as the level of minimum reserves, according to the governmental material, leaves

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

increasingly more to be desired. Some of the equipment has lost its combat credibility; a soldier who is aware of that will not fight well if he does not trust a weapon which may fail or which is evidently worse than the armament of the enemy...

As for some positive elements of our defense structure, analysts cite the mobilization system, which has proven itself and which has been well cherished. They point, however, to its weak spots as well. These weak spots include possibilities—which have recently been decreased—of territorial accumulation of trained reserves [as published], which should consist of graduates of institutes of higher education. The main reason for that is the suspension of appropriate training, also caused by a shortage of money earmarked in the budget for defense needs.

Evolution of Cadres

A lot of attention is devoted to the issue of the cadres in the Polish Army. The degree of professionalization in the Armed Forces is now 39 percent, but it should reach 50 percent. The average age of the cadres has dropped over the past five years, from 37 to 35 years. Almost every officer is a graduate of an institute of higher education. We have too few professional noncommissioned officers—only 22 percent of the cadres. There are too many majors and colonels, which is one of the legacies of the incorrect rank structure which was formed years ago.

Due to insufficient financial resources, it is not possible to appropriately build up the professional contract service. In 1994, the Army will be able to admit to this service only around ... 270 new soldiers. In the meantime, very useful experiences were acquired in this basic military service, which has existed since 1990.

The document also mentions the intention of increasing the number of civilian employees of the Army and in MON enterprises. It does not, however, tell deputies that this group of employees today belongs to groups which are in the worst material situation in the country.

Chances for Young People

Military authorities are trying to create conditions to achieve the 50-percent level of the Army's professionalization by the year 2000. They are also changing the cadres structure, with a view to increasing the number of younger officers; they want a corps of young professional noncommissioned officers to become the backbone of the Army. They are also trying to provide increasingly greater assistance for cadres leaving the Army to the reserves—cadres who are still young enough to continue their professional activities in the "civil segment."

It Must Cost Money

To satisfy the most urgent needs to modernize the Army technologically, the state should give MON approximately 68 trillion zlotys a year only for the purchase of armaments and military equipment; that is, it would have to multiply this item in the budget. Some of the equipment will have to be imported, some of it will be provided by domestic industry. In the second case, the General Staff proposes implementation of so-called government armament programs. According to the General Staff, the most important of them are programs concerning the OP "Grom" and "Loara" systems, the "Huzar" multi-purpose helicopter, and the "Goryl" third generation tank. MON has for some time now been pointing to the lack of an official forecast of the expenditures on the Armed Forces up to the year 2000 and beyond. It is particularly alarming that the Central Planning Administration does not even roughly specify the options of financing defense. Military analysts have estimated possible expenditures on disarmament [as published], using their own simulation calculations; unfortunately, even the "optimistic" estimates do not give hope for better equipment for the Polish Army.

Legislative Needs

The remarkable wisdom of the authors of the document in question is expressed in the supplement entitled "Appendix Concerning Legislative Changes, Necessary From the Standpoint of State Security."

It suggests to parliamentarians the indispensable amendments to the Small Constitution, to the law on the general duty of defense, the law on military discipline and responsibility of soldiers, the law on Armed Forces billeting, and others. Regardless of the amendment of the existing laws, the ministry also suggests entirely new regulations. First are proposals of appropriate constitutional provisions, including the description of the system and the powers of state organs dealing with security issues, legal status of soldiers, states of higher necessity, and so on.

The need for specific legislative also results from Poland's joining the "Partnership for Peace" program and from the rules used when the Polish Army takes part in peacekeeping missions.

Presidential Television Program To Be Replaced

WS2608092294 Warsaw RZECZPOSPOLITA in Polish 26 Aug 94 p 1

[Report by M.M.: "The End of 'Directly From the Belvedere'"]

[Text] *The "Directly From the Belvedere" program will be taken off the television schedule—such a decision was made yesterday at a meeting between Minister Andrzej Zakrzewski and the management of public television. A new program will appear instead, with a different title and overall format.*

It will definitely not be so "event-reporting" oriented—Cezary Jenksa of Polish Television has told RZECZPOSPOLITA.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

It is not known at this stage who will be charged with the production of the new presidential television program. What is known, however, is that it will definitely be made with the cooperation of reporters dealing with political features. The new presidential program will be made at the studios on Woronicza Street, whereas up until now, "Directly From the Belvedere" had to be brought in from Gdansk every time, whereas public television chiefs had no control whatsoever over its contents.

Agrobank's Rankings, Development Strategy

WS2508084994 Warsaw NOWA EUROPA in Polish 25 Aug 94 p 20

[Article by M.I.: "Agrobank SA—An Active Policy of Survival"]

[Text] *Agrobank SA was listed as number 16 on this year's ranking of the financial security of Polish banks, regularly published by GAZETA BANKOWA. From the standpoint of the bank's own funds and the balance amount, Agrobank SA's position is about number 25, whereas, when it comes to the "Euromoney" ranking, which takes into account the rate of returns on capital, returns on assets, gross profitability, the participation of interest rate costs in assets, net profit, and credit activities, the bank occupies 22d place.*

Agrobank SA was registered on 21 December 1989, whereas, on 7 December 1990, it obtained a permit to conduct foreign currency operations and to cooperate with foreign banks. It was one of the first commercial banks in Poland to have the prevailing participation of private capital.

In the beginning, the bank had just one branch (in Warsaw), whereas, currently, it has as many as 32 branches throughout Poland and employs approximately 800 people. It is a member of the Association of Polish Banks, the Economic Chamber for Energy Industry and Environmental Protection, and the National Financial Settlement Chamber.

In 1993, important capital changes took place from the standpoint of Agrobank SA's development: The bank's own funds were increased by over 64 billion zlotys [Z], and, at the end of the year, they reached the Z224.740 billion mark, which constituted a 40-percent increase. Since 1991, the bank's own funds almost tripled. They derived from quite numerous share issues and from devoting the entire profit gained, for the purpose of increasing reserve capital.

The bank's developmental strategy stresses that, over the next few years, substantial impediments to the functioning of the banking system in Poland are expected to occur (one of the reasons is the unfavorable climate surrounding private banks). Agrobank SA intends to conduct an active but also flexible policy of survival: Measures will remain aimed at increasing the size of the bank's own funds, primarily by selling the remainder of shares included within the D series, as well as by searching for possibilities of mergers with other banks.

There are also plans for changes in the structure of revenue and profit, toward increasing the role of profits from day-to-day credits, commissions, various charges, and from developing new and profitable banking services. The bank also intends to get ready for entering into the secondary securities market by maintaining the state of readiness for making possible investments in securities.

NBP Official on Foreign Banks, Policy, Future

WS2608094594 Warsaw NOWA EUROPA (KONIEC TYGODNIA Supplement) in Polish 26-28 Aug 94 p III

[Interview with Jolanta Daniewska, director of the Department of Banking Licenses at the National Bank of Poland, by Przemyslaw Szubanski; place and date not given: "One Should Not Multiply the Number of Banks"]

[Text] [Szubanski] What is the policy of the National Bank of Poland [NBP] vis-a-vis foreign banks which want to operate in the country? Recently, there have emerged some contradictions between statements by NBP Chairwoman Hanna Gronkiewicz-Waltz and what Deputy Chairman Krzysztof Barburski has said.

[Daniewska] Since the draft of a license for a foreign bank which is to operate in Poland for the first time, is in the midst of consultations with the finance minister, Deputy Chairman Barburski said that the era of special privileges for the existing banks is coming to an end, because a license for the establishment of a new bank with foreign capital in Poland will most probably be revealed soon, and a after a break of several years, Polish banks will have another major competitor. Deputy Chairman Barburski supervises the department of which I am in charge, so I must be familiar with his views. As far as I know, his view on the issue of allowing foreign banks to operate in Poland is not different from that of the chairwoman. We do not want to make foreign banks hostile to us—on the contrary—especially those which would like to assist NBP in its difficult role of strengthening the banking sector. We try to convince every investor to consider the option of taking over supervision of a weak Polish bank, coupled with injecting new capital into it. There are many such banks in Poland. In the previous years, many banks were set up with low capital levels. Not all the foundation organs—just like the personnel—managed to meet the difficult task of running a commercial bank, which currently results in the need to bring the banks to general financial health, to suspend some of them, and to declare others bankrupt. So what we want to achieve is not to multiply the number of banks unnecessarily but instead to strengthen the already existing ones.

[Szubanski] How many applications have been submitted to NBP by foreign banks?

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

[Daniewska] Right now, we are in the midst of debating 10 applications on the establishment of banks. We continue to witness quite a great amount of interest, so I think the number will increase in the future. An avalanche of applications for the establishment of local branches has also been set in motion. From all that, it logically follows that the Polish market begins to be interesting, and one can expect these banks to either plan to establish local branches in Poland in the future, or it could be that their customers will join our market. Foreign banks have speculated for a long time whether to invest in the Polish banking system. There are seven banks with foreign capital which were formed two to three years ago, whereas more applications began arriving in mid-1993.

[Szubanski] Will the Dresdner Bank AG-Banque Nationale de Paris joint venture be the only license to have been granted this year, or can we expect more?

[Daniewska] I think the latter option you mentioned is quite likely since it is only August right now, whereas the deadline for making a decision on an application is three months from the moment all the required documentation is delivered.

[Szubanski] How do foreign banks react to NBP's attempts to encourage them to combine their capital with that of Polish banks?

[Daniewska] Not all foreign banks take a positive stand on our offers. They would rather build something from scratch, some others however, do indeed consider the option of a capital merger with an already existing bank, for instance due to the accruing right to take advantage of foreign currency provisions from the very first day of their operation in Poland.

[Szubanski] What kind of impact could the entry of large foreign banks have on the banking sector? Would these foreign banks not constitute a threat to the existence of Polish banks?

[Daniewska] I think there is really such a danger. There is a danger that Polish banks may not be competitive vis-a-vis foreign banks entering our market. Those Western investors who already operate in our market will probably decide to use the services of such foreign banks. After all, these could be banks from the investors' own country, which they know very well and with regard to which there is no language barrier. These banks conduct their settlement operations very quickly, and they have branches all over the world. The departure of customers will decrease the profit made by Polish banks, whereas if there are some of them that are already in trouble, it will be really hard for them to overcome the predicament. Not only weak banks are afraid of that.

[Szubanski] So should one not bring the Polish banking sector to financial health first, followed by the issuing of licenses to foreign banks? Or is it the case that these two processes should be taking place at the same time?

[Daniewska] Unfortunately, there is no way one could do everything in logical sequence. Of course the best solution would be for us to be able to get rid of our domestic problems first. However, bringing the Polish banking sector to health without foreign capital, would be harder to accomplish in that case. That is another reason why we cannot close our borders to foreign banks.

[Szubanski] What is your assessment of the buyout of a large portion of shares of Bank Rozwoju Eksportu SA [Bank of Export Development] by Commerzbank AG?

[Daniewska] I can hardly make any assessments since I am not aware of such a transaction.

[Szubanski] What is NBP's policy regarding the setting up of new Polish banks?

[Daniewska] It is the same as that regarding foreign investors. We try to convince potential investors to inject capital into already existing banks, and we are successful in that in many cases. While establishing new banks, we will try to see to it that they are safe banks, with appropriate organizational structures and capital, and that they are managed in a professional way.

[Szubanski] So what are the current requirements regarding capital?

[Daniewska] For newly created banks which are in the form of share partnerships, the minimum requirement is the equivalent of ECU 5 million. All founders are treated on an equal footing. In case of foreign investors, the money must come from the sale of foreign currency or from documented operations on Poland's territory.

[Szubanski] Last year, only the Polski Bank Inwestycyjny—which had been taken out of NBP in the past—received a license. Are there any plans for the opening of a new domestic bank before the end of this year? How many applications have been filed with the [NBP] Department [of Banking Licenses]?

[Daniewska] No bank received a license this year as yet. Several applications have been filed but it would be hard to predict what the decisions on them will be, since the applications are in the midst of being debated, plus documentation has to be sufficiently completed by the applicants.

Tourism Agency Established; Funds Sought

94P21109A Warsaw NOWA EUROPA in Polish 3 Aug 94 p 4

[Article by ZOL: "It Is Time for Tourist Hotels"]

[Text] About 40 percent of foreign credits in Poland have been designated over the past several years for investments in the tourism sector thanks to which luxury hotels of well-known international chains have been built. There remains, however, a shortage of well-located and well-managed tourist-class hotels of a certain level.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

The Polish Agency for the Development of Tourism (PART S.A.) was established to deal with this problem. Its main partners are the Agency for Industrial Development (ARP), the ORBIS Foreign Trade Enterprise, and the Polish Chamber of Tourism (PIT).

The proposal being prepared by PART will identify those regions and locations where tourism has increased. Above all, the main transit routes come to mind: Swiecko-Poznan-Warsaw-Terespol, Gdansk-Torun-Lodz-Czestochowa, Zgorzelec-Legnica-Wroclaw-Krakow-Przemysl, Swinoujscie-Szczecin-Gorzow Wielkopolski-Zielona Gora. Along these routes, a network of two- and three-star hotels would be built. It is expected that the cost of these hotels would run from $1.5 million (40 places) to $3 million (80 places).

PART has already identified 300 localities and prepared a complete information base. Agency president Andrzej Gasinski thinks that the most important thing for future Polish or foreign investors is making the purchase or leasing of land on which the future hotel is to stand an easier matter than it is now. Formal procedures take up most of the time involved and are the most bureaucratized.

PART's role in finding localities and wading through all of the formalities will not only shorten the time needed to get the enterprise up and running, but also attract potential foreign investors, who are often frightened away by the unstable and incoherent Polish laws. In effect, in the opinion of the agency's management, the time involved in building a hotel will be shortened from over one year to about six months.

The Poznan municipal authorities have already given preliminary agreement to locate six two-star hotels along the main routes leading to the city. Soon PART will begin talks with Warsaw and other large cities. Gasinski notes that elsewhere, outside of Poland, one does not meet with so many problems because municipal authorities, recognizing the profit potential to their city, often provide the land beneath tourist structures for free.

The agency expects that the establishment of a network of hotels—one signboard, the same kind of interior decorating, the same high level of service to clientele—will be set up along the principles of franchising. The search is continuing for foreign partners, which should be large international hotel chains specializing in franchising. The Austrian firm Marco Polo Hotels Resorts has made a serious offer of cooperation to PART. The U.S. chain Choice has also expressed an interest in the agency's plans.

In the opinion of president Gasinski, the most important matter at present is to locate the necessary financial sources to implement this program—60 percent of the investment value is to be made up of credits, with the rest being contributed by the investor. "Polish banks do not care for tourism investments, which tend to be returned only after nine or 10 years," noted Gasinski. "We will seek PHARE [Economic Reconstruction Aid for Poland and Hungary] funding from the Turin II program as well as credits from the World Bank."

The head of PART underscored that the creation of a Fund for the Development of Tourism in Poland is absolutely necessary; it would concern itself with seeking and acquiring new financial sources for the tourist infrastructure in Poland.

Debate on State Secrecy Bill Considered

WS 608110694 Warsaw RZECZPOSPOLITA in Polish 26 Aug 94 p 2

[Article by Jan Bazyl Lipszyc: "Unofficially in the Sejm; Press Freedoms in Jeopardy"]

[Text] *The Sejm is to vote today on a law which was debated yesterday, concerning state secrecy. The opposition has voiced many reservations to the governmental draft law, and many remarks were taken into account during proceedings by the appropriate Sejm commission. However, one issue remained, which—according to many Sejm deputies—boils down to gagging reporters because it amounts to imposing an obligation to respect everybody's secrecy, regardless of how they might have gotten their hands on certain information. So the opposition members moved for an amendment to the law, but the commission repelled the drive. It will be voted upon today as a minority motion.*

The amendment would make it possible to publish secret information if an important social interest speaks in favor of such publication.

Sejm deputies for the Freedom Union [UW] who submitted the minority motion, think that it is indispensable to adopt a law on secrecy because "the state must secure for itself a certain area covered by secrecy." "At the point, however, when a law begins regulating press freedoms"—says Andrzej Potocki, a press spokesman for the UW Sejm Deputies Club—"the law crosses a limit. That is why an amendment was submitted by [UW Sejm Deputy] Jacek Taylor, which envisions a waiver of criminal liability with regard to those reporters who have gained information as a result of a breach of secrecy by someone who was obliged to respect it. The amendment defends press freedoms in Poland in a major way. We make our stand on the entire law, dependent on the position to be taken by the Sejm regarding the amendment."

Jacek Kozlowski, an expert for the National Radio and Television Broadcasting Council and chief of the Government's Press Office in the Hanna Suchocka government, stresses that the provision of Article 4 item 1 of the draft law in the governmental version would make it possible to convict a reporter—who has published information covered by secrecy—in line with Article 260 of the Penal Code, which stipulates a punishment of six months to five years in prison. According to Kozlowski, what would happen in practice is that either the Penal

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Code provision would not be applied at all, or else we would have an enormous number of court cases against reporters (which would lead to a suppression of press freedoms, plus it would create the atmosphere of "oversensitivity" and of suppressing public debate on issues such as state security). The legal provision also goes against other legal documents, including several international conventions which Poland has ratified.

Andrzej Potocki says that reporters must decide on their own whether in writing about something, they are not acting against the state's interests, and whether the publication is of social significance as opposed to being a case of mere sensationalism.

Jerzy Jaskiernia of the Democratic Left Alliance [SLD] stresses that the commissions amended the governmental draft, whereas a reporter who knows that he is dealing with secret material and decides to publish it anyway, breaches secrecy. According to Sejm Deputy Jaskiernia, to abandon such an interpretation of the law would lead to a negation of the very meaning of the concept of "state secrecy," even though Jaskiernia can also see a danger for freedom of the press. "Let us assume I am under an obligation to respect secrecy, and I am leaving a secret document on a chair for you to take a look at. Then you take the document and publish it, while knowing it is secret. There was no secrecy. The problem is that the list of issues covered by secrecy should be short enough for the press to be able to write about specific facts of social life." J. Jaskiernia said there would probably be no voting discipline introduced in the SLD club during the vote on the draft.

Sejm deputies for UW tend to be skeptical about the chances for the Sejm adopting the minority motion because "for the governing coalition, freedom of the press and freedom of speech are not treasured as much as they are by the opposition." Contrary to that view, Lidia Bladek and Janusz Piechocinski (Sejm deputies for the Polish Peasant Party) say that the views in their deputies club are divided, and given that there will be no voting discipline throughout the club, some of the Sejm deputies (including Bladek and Piechocinski, among others) will vote in favor of minority motion. The Union of Labor—and possibly a group of several left-wing Sejm deputies, as well—is also in favor of it, so there are real chances for the adoption of the minority motion, which would mean that reporters would not have to fear imprisonment every time they write about something secret or something which infringes on an important state interest (such as police corruption, plans to increase gasoline prices, or lists of politicians who are members of governing boards).

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Ex-King Accuses Authorities of Preventing Return

AU2508191494 Bucharest ROMANIA LIBERA in Romanian 22 Aug 94 p 3

["Exclusive interview" with "His Majesty King Mihai of the Romanians" by Roxana Iordache; place and date not given: "All the Time I Think of Returning Home"]

[Text] [Iordache] Sire, there is a rumor that Your Majesty has lost all hope of returning home and even that you no longer want to come to Romania. This rumor has been spread in order to demobilize those who are waiting for their king. What is Your Majesty's message for these people?

[Mihai] I have never given up the idea of returning home. It is obvious that all these rumors are mere fabrications. Maybe there are some weaker-willed people, so to say, who allow themselves to be taken in by such concoctions. But everything is an absolute lie. I have never lost my hope and have never renounced my decision to return to our country.

[Iordache] Since the revolution, all the exiled people have regained the right to return home, except for Your Majesty. The refusal of the Bucharest authorities to recognize your Romanian citizenship places Your Majesty in the situation of being a guest in his own home. As a matter of fact, even this right, as amputated as it is, is being denied to Your Majesty. Why?

[Mihai] This question is pretty complicated, since they are very aware of my legitimacy and of the illegitimacy of the regime lasting from 30 December 1947 until today. My return home does not depend on the issue of citizenship, which I have never given up; it was taken away from me by Groza's [Petru Groza, prime minister of the first post-war communist cabinet] communist government. I believe that the current authorities became scared of what happened two years ago, during my Easter visit. I am positive of that. I do not believe that they want to risk a similar thing again. For me, this is the explanation for their attitude.

[Iordache] We are on the eve of 23 August, the day when we mark the 50th anniversary of the act of courage undertaken by Your Majesty at a very young age. That act could not have been conceived without the Army's unconditional adherence. How is Your Majesty linked to the Romanian Army?

[Mihai] I began my military training at a very young age. I became an officer at the age of 16. That was our tradition in Romania. Everything that happened on 23 August was exceptional, if you think of the other countries that tried to do something similar. When I issued the order to cease the war on the side of Germany and join the Allies, the entire Army followed me without hesitation and this is a significant thing for me. The Romanian Army has always been close to my heart, since I did my military service in its ranks and there was no higher honor for me than wearing its uniform.

[Iordache] Sire, a state of grief and hopelessness seems to have spread throughout the country. What should the Romanians do not only to regain their power to hope, but also actually to implement their hopes? How can we fight against despair?

[Mihai] It is hard for me, from afar, to tell the people back home what they should do in general. Anyhow, they should not abandon hope, because abandonment of hope is a sin. They must preserve their faith in God and this faith may give them an idea how to proceed.

[Iordache] Your Majesty's answer reminds me of an event: A young Frenchman, a law student, once asked me what is my country's motto. I had to tell him that, for the time being, we have no motto, because the ex-communist authorities do not recognize Romania's traditional motto: "Nihil Sine Deo"—Nothing Without God. As a matter of fact, this is a national prayer.

[Mihai] It has always accompanied me everywhere.

[Iordache] Sire, Your Majesty has received a number of invitations from mayors, civic associations, and private people, particularly peasants. When do you think of coming back to Romania?

[Mihai] I think of returning home all the time and I have never given up the idea of my return.

[Iordache] Has Your Majesty any specific timeframe in mind?

[Mihai] Normally I should be allowed to come to Romania at any time.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Izetbegovic Interviewed on UN Peace Efforts

NC2608084694 Tehran HAMSHAHRI in Persian 18 Aug 94 p 2

[Text] Sarajevo—HAMSHAHRI correspondent—The world community is not putting pressure on the Serbs but is trying to establish peace in every possible way. We are afraid that they will impose peace on us. We want a just peace and not just any peace.

This was stated by Alija Izetbegovic, president of Bosnia-Herzegovina, in an exclusive interview with a HAMSHAHRI correspondent in Sarajevo. He also explained his views on the new plan by the world community, the provisional cease-fire, the UN forces, and peace.

In relation with the United Nation's new plan for a Bosnian-Croatian federation on the basis of which 51 percent of the territory will go to Bosnia and the 49 percent to the Serbs of Bosnia, he said that this plan lacks specifics as far as the structure of the Bosnia-Herzegovina Government is concerned and that, above all, there is no sign of any guarantee that territorial integrity will be safeguarded and the legitimacy of the country will be recognized.

Rejecting the dismemberment of his country, Alija Izetbegovic referred to the need to preserve sovereignty and independence throughout the territory of Bosnia.

Listing the shortcomings of the said plan, he expressed his concern and said: This plan, which grants Bosnia a 51 percent share, does not include all the Muslim-inhabited areas, although the Muslims and Croats constitute the majority of the population in Bosnia-Herzegovina. Some of the Muslims live outside the area delineated in the plan and we are afraid that these areas will be those where the Serbs committed their genocide and national cleansing.

The weak points of the plan proposed by the Contact Group were among the other proposals that the president of Bosnia-Herzegovina said cannot be accepted for certain reasons. He explained: People who have fled the occupied territories have no place to return to and it is not correct for land to be handed over to those who perpetrated the genocide.

Alija Izetbegovic recalled: We have not yet completely rejected the plan but we want its murky points to be further clarified.

Referring to the repeated violation of the cease-fire by the Serbs, he criticized the United Nations for not reacting.

The president of Bosnia-Herzegovina added: We defend ourselves the best we can when we are attacked by the Serbs. He added: The UN behavior is so weak that it even remains silent when the Blue Berets are insulted by the Serb soldiers.

In answer to a question on what steps have been taken as far as the Bosnian-Croatian federation is concerned and what his people's view on this is, Alija Izetbegovic said: This plan has its supporters and opponents among the Bosnians and the Croats, but it has been more warmly received by the people in Bosnia-Herzegovina. Assessing the federation positively, he said that its formation will be to the benefit of the sides concerned, and said: At least the war between the Muslims will stop and the supply routes as well as the people's situation will improve.

Milovanovic on Trust Between UN, Serb Army

LD2508235794 Belgrade TANJUG Domestic Service in Serbo-Croatian 2118 GMT 25 Aug 94

[Excerpt] Sarajevo, 25 Aug (TANJUG)—Nikola Koljevic, vice president of the Srpska republic [RS], and Lt. Col. Gen. Manojlo Milovanovic, chief of the general staff of the RS army [VRS], had talks in Pale today with Gen. Adriaan Van Baal, chief of UNPROFOR [UN Protection Forces] staff for former Bosnia-Herzegovina.

Speaking in Pale this evening after the six-hour talks Gen. Milovanovic said that the mutual trust between the VRS and UNPROFOR had been reaffirmed and that "there will be no more problems in the future."

"The entire conversation boiled down to the fact that UNPROFOR should be impartial in its mission, which its command is trying to achieve," said Milovanovic.

He described as "a serious issue" an incident which occured three days ago on Mt. Igman in which three Serb soldiers were killed and two went missing within the UNPROFOR-controlled zone.

In this connection, he explained that two commissions were set up—a Serb commission and one consisting of UNPROFOR members—to lead an investigation. The public will be informed of the results once the two commissions exchange their findings. [passage omitted]

Zubak, HDZ Leaders View Washington Agreement

AU2508190694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 25 Aug 94

[Text] After a long pause, the Croatian Democratic Community [HDZ] of Bosnia-Herzegovina has held a news conference in Sarajevo today. HDZ President Dario Kordic spoke about the need to honor the provisions of the Federation's Constitution and establish all organs of authority.

The HDZ delegation was received by President of the Bosnia-Herzegovina Federation Kresimir Zubak this afternoon. Here is a report by Mediha Colo:

[Begin recording] [Colo] After the talks, President of the Bosnia-Herzegovina Federation Kresimir Zubak and HDZ President Dario Kordic gave statements for the press:

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

[Zubak] This visit was in the function of our talks that were [word indistinct] and needed in order to implement further the Constitution of the Bosnia-Herzegovina Federation. We reiterated once again the readiness, the willingness, [word indistinct] of the Croatian peoples [passage indistinct] of the Croatian peoples, therefore, we once again confirmed our determination for the community with the Bosniaks [word indistinct] and all other ethnic groups that live in Bosnia-Herzegovina, [words indistinct] total communication with [word indistinct]. (?It is not true) that we do not want to [word indistinct] [illegible] deadlines envisioned for [words indistinct] that the Federation would be (?developed to the highest level) [words indistinct]. What we agreed today, among other things, is that [words indistinct].

[Kordic] As President Zubak has said, the delegation of the HDZ for Bosnia-Herzegovina at the highest level visited president of the Federation and the leadership of the Bosnia-Herzegovina Federation today with the basic intention of giving to these talks and this process, as a responsible and leading party elected legitimately by the Croatian people, an additional impetus for the as swift as possible establishment of the Bosnia-Herzegovina Federation. This was also the main topic discussed in yesterday's talks with the leaders of the Party of Democratic Action. I believe that in the talks with the president of the Federation we again completely agreed about the need to accelerate the implementation of the Federation's Constitution and the establishment of all offices of authority. We agreed that this is a strategic interest of the Croatian and the Bosniak-Muslim peoples and that we are the most responsible for the actually accomplishment of this.

[Colo] After giving their statements, Kresimir Zubak and Dario Kordic answered to some of reporters' questions. We single out a reply by HDZ President Dario Kordic to the following question: If the Serbian aggressor's side definitely rejects the Contact Group peace plan, will the Croatian Defense Council [HVO] and the Bosnia-Herzegovina Army have to liberate the occupied territories together?

[Kordic] The position of the Croatian peoples, which has clearly been expressed on several occasions so far, is that we definitely give priority to a political solution for the Bosnia-Herzegovina crisis. We think and continue to believe that the international community will find mechanisms to implement the Contact Group plan. Naturally, without a more effective pressure placed primarily on the Serbian side, which must in this, I would say, historic moment finally embrace the optimal approach, this plan will not be realized. In the contrary case, it is normal that the Croatian and the Bosniak-Muslim peoples have their legitimate rights to those territories that used to be populated by both peoples, which constitute the territory of the Federation, and which the international community recognizes as the territory that should be [word indistinct] precisely by the members of these two peoples and other peoples living here, and nobody can prevent the Croatian or the Bosniak peoples from exercising these rights in the final instance. Therefore, I believe that the answer is clear, however, let us allow that political solutions take precedence over military ones. [end recording]

Parties Hold Meeting on Federation Issues

LD2408175294 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 24 Aug 94

[Text] At a meeting between delegations of the Croatian Democratic Union for Bosnia-Herzegovina and the Party of Democratic Action which was held in Hrasnica near Sarajevo today, all the participants agreed that it is necessary to secure conditions for the implementation of the Bosnia-Herzegovina federation, but voiced their displeasure over the dynamics of the establishment of the federation. This was stated after the meeting by delegation leaders Dario Kordic and Edhem Bicakcic.

They pointed to the need to promote the flow of goods, people, and capital as soon as possible, to provide full security for the population, and enable the return of refugees to their homes. They particularly stressed that it is necessary to set up federal bodies as soon as possible, which is a precondition for the speedier establishment of links with the Republic of Croatia, i.e. the establishment of confederal links with it.

They also spoke about the work of the joint headquarters of the Croatian Defense Council and the army of Bosnia-Herzegovina. Kordic and Bicakcic said they were pleased with the meeting today; the next one is to take place on 5 September.

Mladic Seen as 'Potential Serbian De Gaulle'

AU2408132194 Belgrade VREME in Serbo-Croatian 22 Aug 94 pp 11-13

[Commentary by Filip Svarm: "Hawk Calls Eagle"]

[Text] General Ratko Mladic and the headquarters of the Srpska republic army have come out very clearly in support of the policies of the Srpska republic leadership. This is what Momcilo Krajisnik, chairman of the Bosnian Serb Assembly, told the BETA agency on 16 August. On the same day—I suppose in order to reiterate his "clear support"—General Mladic put aside his favorite pistol, took up a sickle, and went reaping in a field by the village of Sokolac near Pale. One would say that this was the best denial of the speculation concerning the loyalty crisis of the first Bosnian Serb soldier as the media have been suggesting recently.

However, is that the case?

It stands out that there was no "sound" to accompany the "picture," that is, that Mladic has not stated publicly something that would have confirmed Krajisnik's claim. Also, the Pale military-political reaping came after, for many, the most open hints from Belgrade aimed at the leadership of the Serbian army in Bosnia. The following

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

was said the previous evening in the commentary of the Radio Television of Serbia newscast Dnevnik:

"Those who do not understand the difference between a defensive war and a war of conquest, who do not understand that there is a world of a difference between supporting and aiding a defensive war against genocide and for the freedom of the Serbian people with the Muslims and Croats in the former Bosnia-Herzegovina, they have to understand that the creation of the Srpska republic on half the territory of the former Bosnia-Herzegovina has been a just aim. It has been worth fighting for. It deserved the aid and the support of the Serbian people from the Republic of Serbia and the FRY [Federal Republic of Yugoslavia]—just and necessary aid and support. However, if they want more than that, if they want to take from others what they claim for themselves, then that is no longer a defensive war but a war of conquest, and the Serbian people have never waged wars of conquest."

Following this General Mladic really had no choice. On the one hand, if he continues to persuade the Bosnian Serb politicians that the war can go on as before or, even worse, if he launches an offensive, it is quite possible that he might be proclaimed an aggressor, perhaps even a war criminal, on this side of the Drina. On the other hand, his silence must be driving Karadzic, Krajisnik, and their people crazy. His silence must be causing some consternation. Has not Plavsic recently expressed her suspicions about the general being under the influence of the League of Communists-Movement for Yugoslavia? So it seems that Mladic has reached for a compromise in the expectation of developments: He has allowed the "picture" to appear in order to appease Karadzic, but he has not allowed the "sound," so as not to infuriate further Serbian President Milosevic. This is not bad tactics for a general who has been insisting that he is a soldier and does not understand politics.

Three Times in a Month and a Half

It is interesting that Mladic has appeared in public only three times (not counting the reaping) over the last month and a half since the presentation of the contact group plan and maps: On 11 July he held talks with the representatives of the UN Protection Forces [UNPROFOR] in the Sarajevo barracks of Lukavica on the cessation of sniper fire, when he called for the release of all prisoners of war; on 26 July he and Karadzic met Russian General Pavel Grachev, who was carrying a message to the Bosnian Serbs from Boris Yeltsin, but there were no comments; and on 9 August he gave a statement for Serbian TV in Pale on the occasion of the promotion of new officers of the Srpska republic army in Bijeljina. The assessments of this statement of his vary. Some people doubt that it was genuine, that is, they point at the possibility that it had been made earlier and released only when the speculation about the general's nonappearance reached the critical level, while others say that Mladic himself chose a good moment to say something without really saying anything. And indeed he did not mention the maps, the withdrawal from 20 percent of the territory, the strategic position of the Srpska republic, the conflict between Belgrade and Pale, and similar things. It was just the general stuff such as "Our fate is the fate of the people" and "We have clearly told the world and them (the enemy) that our intention is to create the conditions for reaching a complete and lasting cease-fire so that the disputed issues can be solved through political means."

Where He Was Not

All this is very strange for a general who cannot be said to be shy of reporters, or involvement in politics. That is why it is interesting to note where Mladic has not appeared, that is, what he has not commented on, and where—to judge by his practice up till now—he should have appeared and what he should have commented on. First comes the fact that he has not said a word since the contact group map was made public. General Momcilo Perisic, his colleague and war fellow, and supreme commander of the Yugoslav Army, stated about it that "the lords of war are not on either side of the Drina, but in the world that is taking advantage of our stupidity and disunity—they will make the first move." Mladic could have said something similar, but he did not. His belligerence would have been ascribed to his character and his "organic patriotism"—as Plavsic would say—and his rejection of "peace that has no alternative," which is to follow, would have been forgiven, just as it was forgiven to Perisic and FRY President Lilic when they "slipped" on the same issue. [sentence as published] Then, he was not present in Bosanski Petrovac on 17 July, when Patriarch Pavle blessed the shrine of St. Peter and St. Paul, which was attended by most of the Srpska political elite led by Karadzic and Krajisnik. This was preceded by the failed mission by French and British Foreign Ministers Juppe and Hurd ("Karadzic has not understood a thing"), but it is not clear whether Mladic attended these talks.

Anyway, the Pale leaders had taken advantage of the Petrovac rally to promote the rejection of the plan that followed at the assembly. Dr. Karadzic for the first time mentioned a war against the entire world, a general mobilization, the introduction of the state of war; in brief, blood and tears if the plan is rejected, and the same if the plan is accepted. However, Mladic was not there to support him in this, and he is said to be undisputedly the greatest authority among the people and the one who should be asked about such matters. The general continued to demonstrate indifference to the decision-making concerning the future of the Bosnian Serbs at all three Srpska republic assembly sessions: He left the first one (18 July) before it ended, and he failed to appear, just like Radio Television of Serbia, at the other two (27 July and 3 August). This is very interesting in view of the fact that a year ago his address to the same body served as the decisive factor in the flat rejection of the Vance-Owen plan. Mladic also remained silent when the FRY

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

cut off relations with the Srpska republic (4 August), and when NATO attacked the Serb positions (5 August). He failed to comment on the introduction of the state of war, he did not meet Patriarch Pavle when he came to Pale "to reconcile the brothers" on 9 August, and he apparently did not meet Thorvald Stoltenberg, cochairman of the conference on the former Yugoslavia, on 13 August, when the latter came to try once more to persuade the Bosnian Serbs to give in. However, he also did not meet Vojislav Seselj, leader of the Serbian Radical Party, who most certainly does not want them to give in, and who has proclaimed Milosevic "a traitor and a criminal."

Illness, Bomb, or...

Where has the leading soldier of the Bosnian Serbs been in the meantime? His absence from the talks with Michael Rose, commander of the UN Protection Forces for Bosnia-Herzegovina, that is, his absence from the signing of the "antisniper agreement" in Sarajevo, was justified by "illness," while the other times he was said to have been absent because he was on the Nisici front, where—according to military sources cited by BORBA—he almost got killed when a hand grenade was thrown into his trench. One can only conclude from this that the man is simply doing his job, particularly now that the Muslim offensives are on the rise. His one break from that was the reaping, which is the best example for every soldier of how to spend his free time.

Many people believe that General Mladic is in fact the most powerful man in the Srpska republic, with the explanation that the only thing that sort of functions in that self-declared Serb state is his army, and that his army even without the war holds all the power on the ground. These people also point out that the general has so far seemed to have been the right man at the right place, from Knin to Pale, and that such a career could not have been made without the support of Slobodan Milosevic. There are claims that it was the Serbian president himself who decided on his appointment as the commander of the Bosnian Serb army.

Claims and Speculation

However, his many "belligerent statements," his radicalism, his proneness to military-political exhibitionism, and particularly his passion for "driving civilians crazy," and his rule of life and death over the Bosnia-Herzegovina population, have placed a question mark over his loyalty to Belgrade. Milan Babic, and now Radovan Karadzic, are the best examples that Mladic would not be the first one "to bite the hand that feeds him." Therefore, it should not come as a surprise that there is speculation and forecasts regarding Mladic's choice, now that it has become clear that there can most likely be no conciliation in the rift between Karadzic and Milosevic as to the end to the war in Bosnia-Herzegovina.

First the London TIMES (14 July)—citing "highly placed Western sources"—published that Mladic had "sent through diplomatic channels some carefully worded messages," threatening attacks on British and French Blue Helmets if there are any more air attacks following the expected Bosnian Serb rejection of the peace plan. Then BORBA (15 July), without giving its source, published a text saying that Milosevic had demanded at the meeting with Mladic, his deputy General Milan Gvero, and General Perisic on 10 July that Mt. Ozren and Doboj be given to the Muslims in accordance with the Contact Group map, which all three of them flatly refused to do. Finally, SRPSKA REC (2 August) carried an article by Danica Draskovic, who—citing a certain "bishop that is always present at the Srpska republic assembly sessions"—writes: "They (the Bosnian Serbs) have decided to declare war on the entire world, and are demanding that Serbia join them. If Milosevic rejects the ultimatum, the bishop says, General Mladic will cross the Drina with the aim of 'liberating' Serbia and overthrowing Milosevic with the help of Seselj, Kostunica, and Djindjic."

Similar claims such as the last one were heard several more times, but the general's silence seems to have refuted them. Because of his mysterious attitude, Mladic is now seen in Belgrade as the "most cooperative" leader of the Bosnian Serbs. So, Dr. Milan Bozic, people's deputy in the Serbian Assembly, says in TELEGRAF: "Mladic began his career when he came as a colonel to command the Knin Corps, forcing the men to take the crosses with four S's off their caps, saying that 'for me the chetniks and the partisans (this is literally) are one and the same thing.' I do not believe in his sudden turn toward Serbianhood. I believe that the army is much closer to Belgrade, and that the means of pressuring Karadzic could primarily be the army."

Is something like this realistic, or is it just wishful thinking? VECERNJE NOVOSTI, the paper which has been traditionally well informed about the Serbian national interests over the last three years—from "Serbia is defended in Knin" to "Peace that has no alternative"—carries a commentary on Mladic's reaping with Karadzic. It says that Mladic's silence shows that "he is a soldier of a certain political sensibility, who is aware of the political gravity of the moment," and stresses "the honors bestowed on him by the Russian defense minister." The commentary says that his popularity "has not been tainted by any allegations concerning war profiteering." It says: "All this is why many people see Mladic as a 'potential Serbian De Gaulle,' as a man who will know how to turn the charisma won in war into a politically rational decision that will be in the best interests of his people and army." There is no doubt as to what decision that should be.

Offer for Serbian De Gaulle

There is also another detail that indicates that Belgrade, at least for the time being, is counting on Mladic versus

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Karadzic. The decision of the FRY Government on the severance of economic and political relations with the Srpska republic contains, inter alia, the ban on members of the Srpska leadership from the territory of the FRY. The following are listed: The assembly, the presidency, and the government. There is no mention of the Srpska republic army. It is possible that the ban on its leadership is implied, but it is also possible that it has been excluded from the ban, depending on its behavior. It has been impossible to get an explanation from the relevant bodies of the Yugoslav Army. In any case, military vehicles of the Bosnian Serbs can be seen in Belgrade.

And finally, where in all this is General Mladic? Unlike the Pale politicians, who have been saying with increasing frequency that they will endure regardless of everything, the commanders of the Srpska republic army have been more moderate. BBC cites sources on the ground that the commanders are skeptical about a successful continuation of the war without support from the FRY. It is important to note here that quite a number of the army officers in Bosnia-Herzegovina are on the payroll of the Yugoslav Army, that they have apartments in the FRY, that their families are here, and so on. There is no need even to mention the help and support (material and expert) provided from this side of the Drina for their delicate operations. The said commentary in VECERNJE NOVOSTI also says that Mladic could easily turn from "a victorious general" into a "politically defeated warlord" if he gives in to "forces of nationalistic fanaticism." The return of the confiscated artillery from the UN controlled collection points in Sarajevo following a NATO air raid, the "antisniper agreement," war on the defensive—these seem to indicate either that Mladic and his generals are not overestimating their forces (they are aware of good-intentioned advice) or that they are following instructions from Belgrade. If the war luck starts to change—and the chances are it will after the lifting of the arms embargo against the Muslims and some more NATO air raids—the soldiers will be the ones to lose their authority, charisma, and the rest that goes with it. Karadzic, Krajisnik, and the others will manage to survive somehow politically, but the generals of the defeated army most certainly will not. Anyway, academician Mihailo Markovic, who is spiritually close to Mladic, was clear when he told Radio Kragujevac: "One part of the territory will have to be returned because there is no population to defend it with."

All in all, Belgrade is currently offering Mladic to withdraw "honorably and militarily undefeated," and to become "a Serbian De Gaulle," as VECERNJE NOVOSTI would say, reminding him by the way of Napoleon's maxim that "one can do all sorts of things with bayonets except sit on them." It is widely thought that this is the best offer he will get, also because the political structures of the Srpska republic have turned out to be completely compact and unlikely to allow any kind of an overthrow preferred by the Serbian president. Some assessments say that—because of the openness of the offer—Dr. Karadzic has for now denied the possibility of introducing a state of war.

So Mladic can take it or leave it. If he takes it, then he has to increase pressure on Karadzic, carry out a coup d'etat, then keep and extend his power, and so become a newly baked "savior and peacenik" like Milosevic (what, in comparison to that, is disowning the famous statement: "I do not know what withdrawal is!"). If he rejects it, this will imply the continuation of the "drive them crazy," "roast them" [przi], and similar activities that the general holds so dear, since the only true glory for a professional soldier is the one won in blood and gunsmoke. The time for making a decision is running out.

Opposition Protests Events in Formation of Canton

AU2508201894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 25 Aug 94

[Text] The United Opposition in Tuzla today staged a news conference at which it presented its views about the recently held constituent session of the assembly of Tuzla-Podrinje Canton. Here is a report by our correspondent, Salih Brkic:

[Begin Brkic recording] We supported wholeheartedly the intense activities to form the Tuzla-Podrinje Canton, however, the events that accompanied the preparation and the proceedings of the constituent session of the cantonal assembly forced us to react.

It is unacceptable that no general debate about the proposed constitutional law was held among the residents. This document as well as the rules of procedure for the work of the cantonal assembly was made available to the deputies in the 12th hour. We are also surprised by the decision to elect the chairman and the secretary of the cantonal assembly secretly and the assembly speaker publicly, the representatives of the parties that form the United Opposition stressed at today's news conference in Tuzla.

The United Opposition also believes that the mandates of nearly 20 deputies from Teocak, Doboj-East, Bratunac, and Srebrenica were endorsed unconstitutionally as the chosen representatives from these regions could not come to attend the constituent session of the cantonal assembly in Tuzla.

Our amendments to the constitutional law were not discussed at all, not even voted on. For this reason we remain steadfast in our demand that the constitution of the Tuzla-Podrinje Canton be thoroughly prepared in the coming three months while we must all strive that the misunderstandings that had accompanied the constituent session of the cantonal assembly are never repeated. To a reporter's question about the indications that a boycott of the assembly's work could be possible, the representatives of the United Opposition replied that they will participate in the work of canton's transitional legislative body regardless of all misunderstandings.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Speaking about the formation of the cantonal shadow government, they said that this will eventually be considered, however, in the form of putting forward proposals and opinions and not by political confrontation with the official authorities of the Tuzla-Podrinje Canton, it was stated at today's news conference by the United Opposition in Tuzla.

This was Salih Brkic reporting for Radio and Television Bosnia-Herzegovina from Tuzla. [end recording]

Izetbegovic Receives Governor

AU2508190794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 25 Aug 94

[Text] Bosnia-Herzegovina President Alija Izetbegovic received a delegation of the newly formed Tuzla-Podrinje canton, which was led by Governor Izet Hadzic, today.

The delegation informed President Izetbegovic about the situation in this part of our country and about the political activities aimed at establishing authorities as quickly as possible, in accordance with the Constitution of the Bosnia-Herzegovina Federation.

At the same time, the delegation denied any irregularities in the process of setting up the offices of the first federal canton to be formed.

President Izetbegovic expressed his satisfaction with the formation of the canton and the fact that organization of cantonal offices has started, and wished them much success in further work.

Tuzla Residents Dissatisfied

AU2508201494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 25 Aug 94

[Text] The residents of Tuzla are dissatisfied with the procedure by which the authorities of Tuzla-Podrinje Canton were constituted. Such dissatisfaction by the majority of Tuzla residents was apart from the entirely unconstitutional and undemocratic election of the authorities generated by the proceedings of the constituent assembly session, which was relayed live via Tuzla district television.

All the opposition parties that form the Union of Bosnia-Herzegovina Social Democrats agree that the constitutionality of the manner in which the authorities were set up must be examined immediately. It has been proposed that changes and suggestions regarding the proposed cantonal constitution, which was passed without a prior consensus in the assembly debate, should be forwarded over the period of three to six months. This is what Igor Rajner, secretary of the Union of Bosnia-Herzegovina Social Democrats, stated in a direct telephone dispatch from today's news conference by the Union.

Serbs Launch Infantry Attacks on Sarajevo Front

AU2608100294

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 26 August carries in its regular seven-minute newscast three reports on the combat situation in the republic.

The studio announcer cites a report on the situation on the Sarajevo front and says that "the aggressor's fierce infantry attacks on civilian targets in Sokolj resulted in this morning's killing of a fellow citizen. The chetniks from the direction of Mrkovici overnight fired five mortar shells at the Grdonje district. Explosions of rifle-launched grenades, which the chetniks fired from Gomolj and from Grbavica at Vrbanja Most [words indistinct], could be heard throughout the night along the entire demarcation line around Sarajevo, particularly in Pionirska Dolina and Blekin Potok. The enemy also fired antiaircraft machine guns from Orlovac at Grdonj. Frequent truck, bus, and military vehicle traffic—particularly on the route from [name indistinct] to the Lukavica barracks, Vojkovici, Dobrinja, and (?Vraca)—has been reported."

An unidentified correspondent from the 3d Corps Press Center reports on the 25 August situation in the 3d Corps theater of operations that "the day was marked by frequent small arms and antiaircraft weapons provocations on all the defense lines. Our reconnaissance units reported that the chetniks were regrouping and bringing in hardware in the (?Gusari) region on the Tesanj-Teslic front, which was followed by an attempt to infiltrate a subversion group. After the attempt had been thwarted, the chetniks responded with artillery fire and pounded (?Jasnikova) Ravan with 82-mm mortar shells. They used an 82-mm mortar and a 60-mm antiaircraft machine gun from (?Mjesani) and (?Tavanice) to shell our defenses on the Vozuca front. There were no infantry offensives on this front, and the same is true for the Celic-Teslic part of the front. However, it has been reported that the chetniks are regrouping on most parts of the front, so fresh attacks are to be expected."

Reporting from the Bosna Operative Group Press Center, an unidentified correspondent says that "the weather conditions have forced the Serbian aggressor to change his tactics in the Bosna Operative Group's theater of operations. In addition to antiaircraft weapons and small arms, they have sporadically been using mortars, Bofors guns, and even tanks. Tank shells showered the Maglaj defenders on Bijela Ploca, which was also targeted by a Bofors gun. Mortars targeted the defense lines of the Zavidovici-Vozuca fronts. The night was marked by sporadic machine gun and small arms provocations. Long columns of the Serbian aggressor's motorized vehicles have been sighted in the Maglaj and Zavidovici region. Overnight, a chetnik helicopter was reported overflying the region of Gornja Pahlevica."

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

UN: Bihac Refugees Trapped Between Serbs, Croats

AU2608100994 Paris AFP in English 0930 GMT 26 Aug 94

[Text] Sarajevo, Aug 26 (AFP)—Some 10,000 refugees who fled the Bihac region in northwestern Bosnia at the weekend are trapped between Croatian Army and rebel Croatian Serb forces in difficult conditions, a UN aid official said Friday.

Peter Kessler, spokesman for the UN High Commissioner for Refugees (UNHCR) spokesman, said that the numbers fleeing into the zone had increased sharply in recent days. The refugees had no shelter and were forced to live in the open in pouring rain, he said, adding: "They are wet. They are cold."

Most of the refugees were eager to return home to Velika Kladusa, the former stronghold of rebel Moslem leader Fikret Abdic before his weekend defeat by Bosnian Government forces, but Abdic loyalists were stopping them from doing so, said a UN official, who asked not to be named.

For his part, Kessler added: "Abdic has frequently been on his own radio station to give orders to these refugees and it is clear that they have no freedom of movement."

On Thursday the UNHCR reported that some 2,300 refugees were stuck on a short stretch of road in the ruined village of Turanj. They could not seek shelter in the remains of shell-damaged houses as they are mined.

At least another 16,000 were in the self-proclaimed "Serb republic of Krajina," he added.

Rebel Croatian Serbs are attempting to push the refugees across into Zagreb-controlled areas of Croatia, but Croatian Army units are refusing to allow more refugees into the country.

Croatia is already host to some 200,000 Bosnian refugees, according to the Croatian Refugee Office.

The UNHCR said it found the sheer density of the refugees made it difficult to distribute food and drinking water.

Police Seal Off Refugees

LD2608100094 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 26 Aug 94

[Text] The refugee situation in Turanj, near Karlovac, is deteriorating. About 5,000 refugees are now in Turanj itself and in Turanjska Skola on Plitvice Road following yesterday's incident when refugees from western Bosnia coming from Slunjska Brda and Tusilovici within the blue zone breached a barrier at an UNPROFOR [UN Protection Forces] checkpoint.

Today, another 5,000 refugees entered the blue zone. At this time there are an estimated 10,000 of them in Turanj. Since last night the Plitvice road and the UNPROFOR checkpoint in Mostanje have been sealed off by the Croatian police. A part of the suburb of Logoriste bordering on the blue zone has also been blocked. There is no approach to the UNPROFOR checkpoint because the refugees have totally blocked the Plitvice road. Karlovac's humanitarian workers cannot supply aid because the number of refugees is changing by the day.

UNHCR Request

AU2508161094 Paris AFP in English 1543 GMT 25 Aug 94

[Excerpt] Zagreb, Aug 25 (AFP)—The UN High Commissioner for Refugees (UNHCR) called on Croatia Thursday to open its border to some 23,000 refugees from the Bosnian enclave of Bihac who are massed in makeshift camps in a UN-controlled zone.

"We do believe that there is a strong humanitarian imperative for admitting these people into Croatia," Nicholae Morris, the UNHCR's special envoy to ex-Yugoslavia said during a press conference. "We don't see any other immediate solution."

He said the Bosnian Moslem refugees, who fled into the Serb-held Krajina region from Bihac when it fell to the Bosnian Army at the weekend, were in "a very dangerous place" that is probably mined. He added that the UN was particularly concerned about pressure exerted on the refugees by Fikret Abdic, the millionaire Moslem businessman who previously controlled Bihac.

He said Abdic spoke with the refugees by radio Wednesday and told them that they should continue their struggle against the Sarajevo government rather than return home and accept the new authority. Abdic's whereabouts are unknown but he is believed to be somewhere in the Krajina region. "The climate in the camp is such that people who wish to return can't make a free choice about that return," Morris said.

General Ray Crabbe of the UN Protection Forces (UNPROFOR) told the same press conference that some 800 refugees tried late Wednesday to storm through the border post of Turanj, located in no-man's land dividing Serb-held Krajina and the rest of Croatian territory. He said Polish UN peacekeepers prevented the refugees from crossing the border by blocking the road with their vehicles. Other refugees massed at the Bosnian border with Croatia were seen Thursday boarding buses, tractors and trucks and apparently heading north toward Turanj, he added.

Crabbe said he had discussed the refugee situation with the commander of Bosnian troops in Bihac, General Atif Dudakovic, and stressed the need to establish a UN presence in the enclave. He said Dudakovic agreed with him that deploying UN troops in the region would encourage the refugees to return to their homes.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

In Sarajevo, UNHCR spokesman Peter Kessler expressed alarm over the refugees, saying that 2,300 of them were "literally packed like sardines" near the Turanj crossing and were blocking access routes with their vehicles. He said the area had been destroyed by fighting and was devoid of running water, electricity or basic sanitary facilities. "The situation is very alarming," Kessler said. "It makes the distribution of water that the UN Protection Force has made available in tankers more difficult and it is of course complicating the food distribution."

He said Serb authorities in Krajina, unable to cope with the flood of refugees into their territory, were encouraging them to cross into the no-man's land. He added that some 6,000 may seek refuge in Croatia proper but Zagreb authorities, also overwhelmed by a huge number of refugees from Bosnia, were only letting ethnic Croatians enter the country. [passage omitted]

Artillery Shells Fired at Dubrovnik Airport

AU2508140294 Paris AFP in English 1441 GMT 25 Aug 94

[Text] Zagreb, Aug 25 (AFP)—An artillery shell fell just short of a runway at Dubrovnik aiport on the Croatian coast Wednesday, the UN Protection Forces [UNPROFOR] said here Thursday, adding that it was unable to say who had fired it.

The shell impacted some 400 meters (yards) short of a runway at Cilipi Airport, UNPROFOR spokesman Paul Risley said here, quoting UN observer reports. First indications suggested the shell was fired from an area bordering nearby Bosnia-Herzegovina.

Muslim Leaders Seek Dismantling of Herceg-Bosna

LD2508133494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1231 GMT 25 Aug 94

[Excerpts] Zagreb, 25 Aug (TANJUG)—After the 5th Corps of the Muslim army entered Velika Kladusa, Muslim leaders in Croatia started issuing warnings that this action created preconditions "for the elimination of all parastates in Bosnia-Herzegovina and Croatia."

They add that this not only refers to Serb "parastates" with seats in Knin and Pale, but also to the Croat republic of Herceg-Bosna.

Statements to this effect were made at a news conference in Zagreb by Semso Tankovic, chairman of the Muslim Party of Democratic Action [SDA] in Croatia, and Salim Sabic, one of the most prominent leaders of that party.

They sent a message to the Croatian authorities saying that the authorities should not do in other states what they do not want to happen in their own, because "the autonomous province of western Bosnia and the Croat republic of Herceg-Bosna are parastates." [passage omitted]

Some Muslim leaders want to burden the Croats with a feeling of collective guilt because the Croats are willing and have the right to be considered equal with the Muslim side, SLOBODNA DALMACIJA writes. But the Croat people "are proud of having established the Croat republic of Herceg-Bosna", the Split paper stresses and says in conclusion:

"If the Muslims try again to crush the Croat republic of Herceg-Bosna by force, they will certainly fail."

Data Provided on Medjimurje Radar Station

94BA0389C Zagreb HRVATSKI VOJNIK in Serbo-Croatian 20 May 94 p 82

[Article by Robert Baric: "Croatian Air Force: Guardians of the Medjimurje Sky"]

[Text] On 7 April 1994, in Cep Forest near Nedelisce, ceremonies marked the second anniversary of the operation and existence of the "Nikola Subic Zrinski" Radar Station, which operates as part of the ZMIN [air surveillance and guidance] of the Croatian Air Force and Air Defense [HRZ i PZO]. In addition to the unit's commander, Mr. Mladen Obadic, these ceremonies were attended by Brigadier Vinko Sebrek, emissary of Major General Imre Agotic, Colonel Miroslav Tisanic, assistant commander of the ZMIN brigade, and others attending included Mladen Culinovic, director of the Office for the Economy of Medjimurje Zupanija, and numerous representatives of Medjimurje public, economic, and cultural institutions.

Those present were greeted by the unit's commander, Mladen Obadic, and then Ivan Patafta, assistant commander for political activity, covered this unit's work and success over the last two years, particularly highlighting the great patriotism, effort, and professional competence of its members, which has contributed to the successful activity of this radar station.

The "Nikola Subic Zrinski" Radar Station was established in 1992. Regardless of the termination of hostilities early this year, the danger of a possible combat action by enemy aircraft has continued to exist. That is why the radar station had to be established on behalf of effective monitoring of airspace over this part of the Republic of Croatia, because visual observation stations are no longer sufficient to perform that important task. On the basis of an assessment of the General Staff of the HV [Croatian Army], work began to set up the radar station, and those making the greatest contribution were Franjo Kovacic, Ivan Patafta, and Mladen Obadic. On 11 February 1992, activities began to create this unit, and the first personnel arrived the following month. Because members of the former JA [Yugoslav Army] had badly damaged this radar, it was repaired thanks to the great effort of members of the unit, numerous donors, and a technical team from Zagreb, and on 7 April the radar station became part of the system of air observation and guidance of the Republic of Croatia. The next

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

step was to rebuild the badly damaged facilities, and here members of the unit received help from numerous donors—so that in October of last year a new facility was officially opened on Ivanscica (worth 25,000 German marks [DM], built exclusively on the basis of donations), and today the fourth radar station has all the preconditions for unhindered operation.

The radar station was given its present name last year during celebration of the first anniversary.

Today, this radar station is a pledge to the safety of the population of Medjimurje, but also beyond, because the chances of enemy aircraft approaching unobserved have been reduced to a minimum. Airspace in a radius of 600 km is monitored from the position on Ivanscica, using a completely computerized observation system. It makes it possible to monitor the airspace even outside the borders of Croatia, and to detect a possible attack in good time. For example, members of this unit detected launching of surface-to-surface Luna missiles against the Sava Valley in Bosnia. Today, they monitor as many as 200 different aircraft every day in nearby airspace.

After recalling the work of this unit over the last two years, a suitable program was presented with participation of the Cakovec Flying Club and Antun Lecek, its parachutist, and the guests were given an occasion for a bird's-eye view of Medjimurje from a helicopter of the HRZ [Croatian Air Force].

Finally, this celebration of the "Nikola Subic Zrinski" Radar Station, the fourth, ended with a pleasant reception organized for all the guests.

Debate on Improving Air Force Curriculum

94BA0385B Zagreb HRVATSKI VOJNIK in Serbo-Croatian 28 Jan 94 pp 90-91

[Article by Vinko Sebrek: "Attracting Young People to Pilot Vocation"]

[Text] *How to interest young people in piloting and how to improve the existing curriculum for training pilots were the subjects of a roundtable recently held at HRZ [Croatian Air Force] and PZO [Air Defense] Headquarters.*

How to make the vocation of military pilot more attractive and interesting to young people and how to improve and coordinate the existing curriculum of the Aeronautics Department of the School of Transportation Sciences of the University of Zagreb, where the second generation of students—future pilots—is already being educated, with the needs of the military organization: These were the central subjects of a roundtable held recently at HRZ and PZO Headquarters, under the direct guidance of Brigadier General Imra Agotic.

The roundtable brought together high-ranking officials, educators, aviation experts, and scholars from the General Staff of the Croatian Armed Forces [HV], the Croatian Air Force, the School of Transportation Sciences, "Croatia Airlines," and the Secondary Aviation School, and a delegation of students from the School of Transportation Sciences, Department of Aeronautics.

Opening the discussion, Brig. Gen. Imra Agotic emphasized the exceptional significance of the subject of the roundtable for boosting the personnel and the combat readiness of the Croatian Air Force. "Because right now at the School of Transportation Sciences of the University of Zagreb we are schooling military pilots on whose knowledge and abilities will depend what kind of air force we will have over the next 30 to 40 years, and on whose moral stability and firmness and pedagogical abilities will depend the entire educational and training work in this important part of the Croatian Armed Forces...."

Stressing that the educational system is one of the strategic foundations of any society, Brig. Gen. Agotic said: "In accordance with the decision by the president of the Republic of Croatia, Dr. Franjo Tudjman, we are developing our military schooling as part of the overall education system in our state, and we in the HRZ and PZO are in a certain sense the pioneers of the schooling system in the Croatian Armed Forces. Thus, we are obligated to go ahead now and take a look at the situation in which we find ourselves in this regard and at what tasks we must carry out in the coming period, especially the plan for the educational process at the School of Transportation Sciences, and later at military specialized institutions and units. Likewise, we must bear in mind that the response to our recruitment of these two generations of students that are currently at the school was not at the necessary and expected level, so that it is necessary to initiate a well-thought-out and organized promotion to enroll candidates for the third generation of students—future military pilots—and that must be done right now," Gen. Agotic stressed.

Mr. Berislav Grozdanic, a pilot and one of the instructors at the aforementioned school, in explaining how to become a military pilot, emphasized at the beginning of his talk that this vocation is one of the most interesting professions and that there is probably no other vocation and position in society where so many demands are made of capabilities as is the case with this profession and vocation. Because the HRZ and Croatian Armed Forces, and ultimately our society as well, need military pilots as experts with a high level of technical training, as HV officers—as good organizers and military commanders—and in practice are looking for all these qualities in each person. This indicates the complexity of schooling future military pilots and the importance of and need for continuous attention from not only the HRZ and PZO, but also from all of society and in particular from the highest-ranking officials in the HV and leadership of the Republic of Croatia, Brigadier Grozdanic emphasized.

The road to the profession of military pilot leads through the School of Transportation Sciences, concretely

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

through its Department of Aeronautics, Level VII/1, and through the Aviation Education Center in Zadar and other specialized aviation units of the HRZ.

The right to enroll in this advanced institution of higher learning is enjoyed by students who have completed secondary school, who are citizens of the Republic of Croatia, who are healthy and qualified—which is determined by the competent military health commission—who do not have a criminal court record, and who pass a qualification exam at the school in question.

The schooling is divided into semesters and lasts a total of nine semesters. All students in the first four semesters undergo theoretical education. During that period, future pilots acquire general military and specialized aviation knowledge. Flight training begins in the fifth semester at the Aviation Education Center in Zadar and at one of the specialized aviation units for practical flight training. For now, there are provisions for schooling airplane pilots, but time will probably show a need for the schooling of helicopter pilots as well. At these specialized aviation centers, candidates are moreover trained to conduct combat operations against land and sea targets, as well as to engage in air combat. The acquired knowledge is verified and evaluated during the course of training and through examinations. At the end of the schooling, or studies, the candidates acquire the following titles: military pilot, officer of the Croatian Armed Forces with a certain rank, degree-holding engineer of transportation, and candidate for professional license pursuant to ICAO [International Civil Aviation Organization] regulations.

Dr. Ernest Bazijanac (the head of the Department of Aeronautics VII/1 and a military pilot at the School of Transportation Studies) talked in his presentation about results achieved thus far, but also about problems in schooling the two current generations of future military pilots. Work is under way on the organizational structure of Department of Aeronautics, on defining the professorships and necessary staffing, on providing office space and the necessary teaching aids, on acquiring professional literature and planning publishing activities, etc.

As one can see, the organization and definition of these studies is being carried out as they go and under complex conditions, so that it is logical to expect problems that must be discussed today, Dr. Bazijanac said in conclusion, inviting those present to discuss issues and provide assistance and cooperation.

The discussion that followed indicated certain inadequacies in the curriculum at the school, in terms of both content and the dynamics of implementation.

Colonel Mirko Hegedus, a pilot and adviser for military schooling at Croatian Air Force Headquarters, spoke in favor of giving more attention to general military education and specialized aviation training during the first four semesters, the aim being that at the end of studies we get Croatian Armed Forces officers and military pilots of such a caliber that they will be able to successfully perform their duties and obligations into the 21st century, with psychophysical and professional qualities such that in the coming period they will be ready to perform all duties in accordance with the place and role of the HRZ and PZO in defending the Republic of Croatia.

In joining the discussion, the students pointed out several inadequacies in the curriculum and in its implementation, and provided concrete proposals for its innovation.

Thus, student Sasa Petrovic proposed that the content of certain general or general technical subjects be limited in favor of specialized aviation subjects, that clarity in education be improved by acquiring aviation equipment and systems, and that the organization of individual courses be rationalized. Student Goran Huljev spoke out in favor of better organization of physical education, which should be adapted to the future profession, while students Tino Jelavic and Ivan Tanovic supported drawing up the necessary course materials in terms of modernizing the existing professional literature.

Of interest were proposals by Mr. Zlatko Kurjakovic, a captain, instructor, and the director of trade at "Croatia Airlines," in terms of promoting the educational process by using modern educational resources and applying modern didactic principles, all of which requires a higher level of expertise, and thus also more substantial efforts by professors and instructors in mastering modern educational techniques and organization.

The assistant dean for education at the School of Transportation Sciences, Prof. Dr. Tomislav Mlinaric, taking into account all the proposals and remarks, asked the people present for greater cooperation and help in finding even better educators and professors, which is a joint task.

Based on that, the school will make an even greater effort to assume the course of greater integration of secondary school education at similar secondary school centers, the goal being to rationalize the study process and improve the quality of the same, as well as even greater cooperation with the HRZ and PZO in further defining the work and structure of the Chair for Military Aviation.

Significant attention was also given at the roundtable to information-promotional activities, the fundamental goal being greater accessibility and a broader explanation of the essence of the vocation of military pilot-officer of the Croatian Armed Forces.

In concluding the discussion, Gen. Agotic pointed out the usefulness of the roundtable, but also the need for even greater cooperation in solving the problems of secondary education in creating future military pilots.

Accomplishments of 203d Air Defense Brigade

94BA0385C Zagreb HRVATSKI VOJNIK in Serbo-Croatian 28 Jan 94 pp 86-88

[Article by Gordan Lausic: "Rijeka Dragons"]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

[Text] *In the defense system of every country, air defense [PZO] is a segment that in its activity requires that a number of conditions be satisfied, from high-quality military and command personnel to the most modern combat technology; when all these conditions are satisfied, PZO units achieve exceptional successes, which is demonstrated by the history of the Rijeka 203d PZO Brigade.*

At the very first word of aggression against independent Croatia and its population and the first use of enemy aircraft, the Rijeka defenders set out to create an adequate response in the form of the first PZO battery, formed on 16 September. After complex preparations under conditions of continuous enemy provocations within Rijeka itself, the battery took up positions and intensively began to create an antiair umbrella over Rijeka and the greater area. The organization of this strategically important task was entrusted to the then-staff of the Territorial Defense Force. The scant resources, primarily taken over from the Rijeka enterprises Rijeka Oil Refinery, "3 May" Shipyard, and "Viktor Lenac" Shipyard, were ready. The creation of the 101st LAP PZO [Light Antiair Artillery Regiment] began. It had to protect, at any cost, the major industrial installations, especially the INA Refinery and Rijeka Harbor, installations that are one of the backbones of Croatian economic development. Of unusual importance to air defense was also the air warning system, at the time organized only in the framework of the Center for Intelligence. There was still no radar; surveillance was done visually with the help of many volunteers who vigilantly observed every enemy takeoff from airfields in Pula, Zadar, and Bihac.

At about the same time that PZO units were being activated in the city and in the entire Rijeka region, air defense was being organized. In Mucici, the 111th PZO Brigade was organized, in Senj an independent PZO battery was formed to defend the city and communications, while a gun battery was active protecting the Krk airport. With the creation of headquarters for the Rijeka Operations Zone, with Major Zvonimir Lulic (now the commander of the 203d PZO Brigade) as the head of PZO, the unification of PZO units throughout the Operations Zone began, whereby the backbone of development continued to be the 101st Regiment, the basis for the current 203d Brigade, the "Rijeka Dragons." Unified systems for working were created, the goal being more effective activity, better outfitting of the units, and the acquisition of ammunition and missile systems (of which there were none at all until early November 1991). Krk and Senj batteries were organized, as well as PZO batteries of the 111th, 128th, and 155th Brigades. At the beginning of November, the depot of the former JA [Yugoslav Army] in Delnice fell, and the Rijeka and coastal air defense personnel finally got their hands on more than needed weapons and ammunition; even "Strijela 2M" missile systems arrived. The enemy's response was not long in coming, as one ultimatum after another arrived, but to no avail: Croatian Rijeka emerged victorious, and on 8 November the Rijeka Corps of the "Yugo army" signed an agreement on leaving the city. After only seven days, on 15 November, the Headquarters of the 101st LAP [Light Artillery Regiment] officially began operation, headed by Major Silvan Kljun. By acquiring a command post at the "Katarina" Barracks, the members of the 101st LAP were able to devote more attention to training, which has always had a special place. The "Flying Bear Cubs," the "Blue Owls," the "Owl Chicks," the "Frankopan Lions," the "13 Angels," and the "Marksmen" finally got their own base, and with it the possibility of even better activities. In December, enemy aircraft flew over Rijeka, but also the entire coastal region and Istria, with increasing frequency and in ever-larger formations. Based on a fundamental analysis of the enemy flights, possible directions for their offensive activities and potential targets were determined. Preparations began for a criminal attack against the city of Rijeka itself, against the civilian population and economic structures. The pilots of the former Yugoslav air force considered the time around New Year's the best moment to attack. They were sorely mistaken, because the Rijeka air defense personnel was ready. Dawn on Thursday, 2 January 1992 was foggy; that was the date of the attack on Rijeka. Five airplanes took off from the direction of Bihac, flying along the Velebit corridor, and with great speed they launched the attack from three sides. Thanks to the outstanding reaction by the PZO units, the enemy did not hit a single target and suffered serious damage to an airplane. The attack, which lasted a total of 15 seconds, was clear proof that the Yugoslav air force had "tucked" its airplanes' tails and was abandoning any notion of new bombing raids on the city and its industrial basin.

In the first days of March, the regiment got its structure and name, ceased to be a reserve unit, and was directly subordinated to the Headquarters of the Rijeka Operations Zone. On 8 March, the regiment took over the "St. Katarina" Barracks, whereby all the conditions for the future of this unit were created, a future in the form of the adoption of new PZO structures, new know-how, but also the training of young, conscripted soldiers, the future defenders of the Croatian skies. Further work was subordinate to the conduct of training on artillery systems, but also on the most modern PZO missile systems. Over time, the regiment also expanded and acquired new duties. Thus, the Senj PZO Battery stationed at the Prizna ferry landing was also incorporated into the 101st LAP PZO.

That constitutes further recognition of the present members of the "Rijeka Dragons," because until the pontoon bridge at Maslenica was opened, the Prizna-Zigljen ferry connection and the Paski Bridge constituted the only link to southern Croatia, a link that the enemy wanted to break at any price, which was a "thorn in his side." Through further training of both reserves and conscripted soldiers, all the conditions were met for creation of a PZO brigade, the 203d PZO Brigade, the celebrated "Rijeka Dragons," the basic organizational backbone of which were the members of the 101st LAP PZO.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

The "Rijeka Dragons," the 203d PZO Brigade, was formed on 8 January of last year as a PZO brigade, its mission being to support the development of air defense in the territory of the Primorsko-Goran, Lika-Senj, and Istrian Zupanijas. From the first creation of PZO units in this area, the formation of the 203d Brigade, to the present day, major efforts have been made to improve the effectiveness of the combat structure, from the communications system, which under complex conditions for operation must be as fast as possible, protected from eavesdropping, and combined in a integral unit, to the use of missile systems. In the specialized sense, as far as weapons are concerned, the "Dragons" use a number of modified artillery and missile PZO systems that make them even more deadly than they are otherwise. Such complex and technically very problematic operations on sophisticated equipment require reliable experts to manage things, who will know how to adapt to all possible combat conditions. There is no lack of such experts in the 203d PZO Brigade.

Besides successes in combat, the brigade is also achieving exceptional results in the training course for conscripted soldiers. It is necessary to show young soldiers all the hidden secrets of PZO systems, and to qualify them for quick and effective activity with them.

None of this could be done without expert instructors, veterans of the homeland war, who acquired their knowledge on the battlefield, watching enemy MIGs, "Galebs,-" and "Oraos" through their target-finders. Only the future, the upcoming missions of the "Dragons," will provide clear proof of the training level of members of the brigade to carry out all missions, because as they themselves gladly emphasize, "the 203d is a happy and adroit combination of youth and experience that we have managed to take advantage of in the best way and create a situation where the name of our unit is spoken with satisfaction, because we always have our successfully performed combat missions behind us." The successful activity of this unit was noted at the ceremony for the brigade in Rijeka upon the anniversary of its founding.

The ceremony marking the brigade's first birthday began on 6 January of this year with a Holy Mass dedicated to all the members of the "Rijeka Dragons" and to all who have given their lives for a free and independent Croatian state.

The celebration continued on 8 January at the "St. Katarina" Barracks in Rijeka as the members of the 203d Air Defense Brigade stood in formation in the presence of many high-ranking guests from the Ministry of Defense, the General Staff of the Croatian Armed Forces [GSHV], and the zupanija and city of Rijeka, including Colonel Davor Rukavina, the head of PZO in the GSHV.

After the playing of the national anthem while the flag of the Republic of Croatia was ceremoniously raised and a minute of silence to pay respect to all who have died in the homeland war, the people present were addressed by the commander of the "Dragons," Maj. Zvonimir Lulic, who said among other things: "Today we are marking not only the birthday of the 203d PZO Brigade, but also the birthday of air defense in the broader sense. Air defense personnel played an important role in the defense of Rijeka, Lika, Gorski Kotar, and Istria, and to this day they remain in those territories.

"The involvement of the 203d Air Defense Brigade in the war did not begin on 8 January 1993, when we received the order to form the brigade, but rather much earlier, at the very outset of the open aggression by the Serbo-Chetnik army of the former JA against Croatian territory. At that time, an independent PZO brigade emerged in the 111st Brigade of the National Guard Corps, fully equipped and qualified, and positions were taken up by the gun batteries that later formed the 101st LAP PZO, the air defense battery in the territory of the island of Krk and the city of Senj, the 138th PZO Battery, the 128th Brigade, and many other PZO units all along the coast, Istria, Lika, and Gorski Kotar.

"When I took over the 203d Brigade, I was well aware of how many tasks awaited me. Working in specialized units is always arduous, regardless of all the extenuating circumstances that can be offered.

"This unit performs its duties in an area that is exceptionally important to the homeland. Because of that, it is clear to me that I can demand from my soldiers, NCOs, and officers only the highest-quality work, nothing more or less." The awards and commendations distributed in the continuation of the ceremony said more about the unit's successes than words alone. The members of the unit themselves had nothing more to say about the successes; they indicate this through deeds, as demonstrated by Damir Nekic, who was awarded the "PHP"—the top Croatian medal—for his achieved combat results by the chief of the General Staff of the Croatian Armed Forces, Corps General Janko Bobetko.

Achievements of Air Defense Brigade Outlined

94BA0389B Zagreb HRVATSKI VOJNIK in Serbo-Croatian 20 May 94 pp 80-81

[Article by Gordan Lausic: "Croatian Air Force: Constantly in Defense of the Homeland"]

[Text] A parade formation of members of the 204th Artillery Rocket Brigade of the PZO [Air Defense] of the Split Corps District on 21 April of this year began celebration of the first anniversary of the organization and activity of all the Falcons of southern Croatia. The ceremonies held in the Prince Trpimir Garrison, with many guests and invitees, were also attended by Colonel Darko Rukavina, chief of the PZO of the HV [Croatian Army] General Staff, Krunoslav Peronja, zupan of Split-Dalmatia Zupanija, representatives of the command of the Split Corps District, the Split Assembly Point, deputies of the four zupanijas in southern Croatia, representatives of church authorities, and Mr. Zdenko Bozic,

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

chief of Air Defense units of the Croatian Defense Council [HVO], who was a guest. The brigade was reviewed on parade by Col. Boris Predovan, its commander, and Captain Ljubo Uvodic, chief of staff of the 204th Brigade, presented the report to him. After the national anthem was played and honor was paid to the memory of all the Croatian defenders who were killed with a minute of silence, those assembled were addressed by Col. Boris Predovan, who recalled the brigade's war career and especially emphasized: "The time when the first PZO units were created was a time of open assault against Croatia, a time when Croatia was under air blockades. But soon PZO units, although with modest weapons, but, it must be said, with good military knowledge, morale, and discipline, achieved awesome success, and they brought down a large number of enemy airplanes in spite of all the military rules and computations in military mathematics. It is of particular interest that in the Split Corps District aircraft were brought down even in situations when they were not directly attacking facilities of the PZO, that is, in the course of other combat operations, reconnaissance flights, or again when they were stealing up on facilities of the PZO of the Croatian Army, the infrastructure, and the like.

"This obviously was a total surprise for the enemy. Their behavior after that was very cautious. Dear guests, here on parade before you are almost three generations of the sons of Croatia. These are superb defenders from 1991 and young lads who yesterday were in high school. This is a linkup of our experience and young people, the only ones missing are those who at this very moment are vigilant over the sky of Dalmatia and all of southern Croatia, performing all those duties which the brigade has 24 hours in every day. Today, now that the chances of peace are growing, when wisdom in governing our state, nation, and army is gathering the most specific fruits of success, we assure you that we are ready, just as we were in 1991 and 1992, to perform all missions, and today, along with everything else, we are far readier because of the marked strengthening in the supply of the most modern PZO weapons and missile systems. In the experience in air defense through actual combat operations, blocking enemy garrisons in '91 and the straits of the sea, quite often holding parts of the first line of battle from Velebit to Dubrovnik, and constantly organizing courses and seminars so that military knowledge and skills could be acquired, we are today ready to go forward."

Then those present were addressed on behalf of the General Staff by Col. Darko Rukavina, Air Defense chief on the General Staff of the HV, who congratulated members of the 204th Brigade on their anniversary and conveyed to them the greetings of Corps General Janko Bobetko, chief of the General Staff of the Croatian Army, emphasizing that this brigade, although this is only its first anniversary in its present formation, has hardened fighters who have been passing on their experience and knowledge with ease to their younger colleagues. The assembled brigade and invitees attending were also addressed by Mr. Krunoslav Peronja, zupan of Split-Dalmatia Zupanija, who wished members of the 204th much success in the unit's future operation and organization, and especially in possible future military action, at the same time thanking them for the effort they have made up to now. Commendations and awards were presented to the best members of the brigade as part of the ceremonies.

Air Defense of the Split Corps District, along with the PZO of the Croatian Navy, began to be organized and began to operate at the very outset of the homeland war. Although the great majority of air defense weapons of the TO [Territorial Defense] of Croatia were taken away, actually stolen, by the former JA [Yugoslav Army], small but very effective Air Defense units were quickly organized with the remaining weapons, mainly from the TO of large organizations in the economy. Air Defense units even undertook a number of antilanding actions in defense of strategically important areas, cities, and other urban environments, as well as industrial and military facilities in that part of Croatia even during the most difficult moments of the aggression, in late September and early October 1991. Air Defense units, organized and combat-ready, have also been performing many other combat missions aside from those enumerated, above all blocking enemy garrisons and obstructing passage of the Yugoslav Navy through straits of the sea.

At the same time, they have been cooperating closely with infantry and other units of the Croatian Army, who they have been helping in battles on the front line of defense thanks to the very precise antiaircraft guns. Air Defense units have been operating in association with the brigades organized in the Split Corps District or as independent units. One of the most important of these independent Air Defense units was the 66th Light Artillery Rocket Battery of the Split PZO, which was organized back on 21 September 1991 as part of the Croatian Navy, which on 15 December transferred to the Split Corps District. This strong unit, with its specialized personnel and soldiers in air defense ratings, thanks to quality weapons and Air Defense missiles, performed very difficult combat missions just a few days after they were organized, and their success was very highly praised by superior commands. In late 1991 and during 1992, the 66th Light Artillery Rocket Battery was able through its activity to deter the enemy air force from attacks already planned on Split itself, not only attacks on the very heart of the city, but also on the broader area of Split, including the Split Airport. Realizing the need for constant additional education and drilling of personnel, the command of the 66th Light Artillery Rocket Battery organized seminars which are becoming a place for professional advancement of Air Defense personnel from throughout the Split Corps District, and, in addition, the 66th Battery has been offering help to other Air Defense units by helping them out with personnel and Air Defense weapons, together with their crews, strengthening the battle lines, from Maslenica to Dubrovnik, its hinterland, and Prevlaka. Nor is the 66th

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Light Artillery Rocket Battery the only successful Air Defense unit in Dalmatia and southern Croatia, but many other units have also distinguished themselves in their activity, above all the light artillery rocket battery of the 4th Guards Brigade and the Air Defense of the districts Zadar, Sibenik, Ploce, Metkovic, Makarska.... Today, all of them, together with the previous 66th Light Artillery Rocket Battery, comprise the 204th Air Defense Brigade. Their forces and experience have been united, they have gained youth with conscript soldiers, who right now are gaining the knowledge that is so necessary in the 204th Brigade. Today, the 204th Brigade is celebrating its first anniversary as a partially conscript brigade. A large number of the brigade's commissioned and noncommissioned officers have done their training in the Croatian Military Academy, and many are attending it right now. In addition to strengthening combat readiness and discipline in the brigade, an exceptional effort is made to constantly train its command, regular, reserve, and conscript personnel. The Falcons of the Croatian South have themselves become a military academy. As they themselves say, air defensemen have no front line, it is all the front line. At the moment, in keeping with the truce that has been signed, they have withdrawn their weapons some 20 km from the battle line, but, if necessary, they are ready in the shortest possible time, together with their pets, the Strijela 2M, the 40-mm and 20-mm cannon, and other air defense systems, to move to the line and send "greetings" to enemy aircraft. Today, the brigade is cooperating closely with other units of the Croatian Army, especially with other Air Defense brigades, with which they are exchanging experiences, knowledge they have acquired, and they agree on joint missions. The members and command of the 204th Brigade, now that they have modern air defense weapons, also have members who are well-trained military professionals, combat morale, and all the other elements essential to carrying out combat missions, defending the safety of the sky of Dalmatia and southern Croatia. They are equipped to guard not only the sky, but also, as they have countless times demonstrated and proven already, to take an active part in combat on the front line, inflicting strong blows on the enemy's infantry, fortifications, and military equipment. When you set out through Dalmatia, through southern Croatia, when you cross the Pag or Maslenica bridge, you know you are safe. You are being protected by members of the 204th, because they have decorated the peaks, and from Velebit to Dubrovnik they are ready to "snip" the enemy's tail.

Speculation on Miksa's New Political Role

94BA0390A Zagreb DANAS in Serbo-Croatian 8 Aug 94 pp 22-23

[Article by Marko Barisic: "Personnel Moves: What Is Miksa Doing in Brioni?"]

[Text] "Please, an espresso without sugar," said Zagreb Mayor Branko Miksa almost ritually to the waiter, who was standing ready to serve the Croatian political elite on the Brioni island of Vanga. For almost a month now, it so happens that Branko Miksa has been drinking coffee on this little island, which in the time of socialism was a symbol of the attractiveness of the communist leadership of the time, which he does in the early morning after playing a game of tennis, while his field of vision is entered from nearby groves by chamois, deer, goats, and other rare animals which in this part of the Adriatic coast were supposed to imitate Rousseau's paradise on earth, created by a return to nature. In that time, while a majority of Croatia's illustrious are sleeping, after enumerating the successes and failures of the four-year postcommunist government late into the night with a rare glass of wine, Miksa rests before Tudjman's advisers begin to appear on the little road that runs along the sandy beach, trying to persuade him to accept a new political role. Born in Zagorje, aware of both the good and bad aspects of the new assignment, he takes a mistrustful approach to all those who are facile in predicting for him a certain success and mandate without the public troubles to which he has been exposed recently. Miksa is being offered the post of the president's chief of staff, and because by nature he is timid and inclined to conformism, he has been refusing, aware that even at the time he is inaugurated he will have against him at least half of the HDZ [Croatian Democratic Union] and a certain segment of the opposition, which is already ritually against him, denying by definition his achievements and abilities. What he would like most is to flee politics, he would wait for the fall to open the rebuilt street to the heart of Zagreb, and he would no longer allow himself to be "torn apart" by media obviously disinclined toward him. He does not understand how he came to be "caught" with the cheap political trick of importing a Mercedes, and why he imported sugar, thereby exposing himself to the rage of the Croatian sugar mills. He still is not altogether certain whether the anonymous calls because of the alleged customs violation turned the Herzegovinians or Dalmatians against him, but he is certain that he is now at a personal crossroads. If he accepts the offer, he remains in politics, but if he refuses it, his daily companion will be Vedris, his friend, who alienated himself from the governing team for a time through a lapse in political calculation.

Tennis and Sausages From Kranj

Miksa knows that there is no longer much time for decisionmaking. If he does not accept the post of the president's chief of staff, it would probably be taken instead by Miomir Zuzul, who is in Geneva, just completing an accelerated tennis course over and above his exhausting work with the Contact Group. Another native of Imok, Milas, who, the same sources say, complained that his beer and sausages from Kranj are doing better than his tennis, persuaded Zuzul to make that move, runs the speculation of those who are supposedly reliable and supposedly well-informed sources. But

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

for him personally and those trying to persuade him, the problem is not with Zuzul. Incidentally, it is hard not to see Zuzul's abilities, and the results of his activity command respect. Beyond personal rivalries, and differences in athletics, wardrobe, and accent, this time there are other much more important relations involved in choosing the presient's chief of staff. It has been no secret for a long time that following Manolic's departure there has been a competition in the HDZ, mainly a personnel competition, between the moderates and the hard-liners. The "moderates," consisting of the technomanagers (Valentic's group) and Christian Democrats (Radic's people), although pretty much disorganized, do not want to turn over complete superiority in the party and state to adherents of the so-called hard core, which the foreign media (FRANKFURTER ALLGEMEINE ZEITUNG) mainly associate with the names of Seks, Susak, Pasalic, Milas....

Foreigners Against the Hard-Liners

In that intraparty competition, Tudjman is taking the part of an observer, although, to be sure, it did not go unnoticed that he appeared in Zadar with Miksa and Radic on either side. His advisers say that he would have nothing against balance being maintained in the party, which means that he would not like to see complete sway being taken by the hard-liners, who are better-organized and much more agile. The advisers mention that this commitment on the part of the president is mainly motivated by Croatia's international position. That is, it is thought that it would not be good for the hard-liners to be shaping foreign policy by their light after they take control in the homeland. Such a policy would not be understood abroad even by allies, say the "moderates," waving one of Kinkel's recent statements in which he explicitly states that negotiations are Croatia's only road to recovery of the occupied UNPA [UN Protected Areas], and that is the easiest way to guarantee territorial integrity of the Croatian state, after first guaranteeing autonomous rights to the Serbian minority. Kinkel and the "moderates" hold the military strategy to be an uncertain escapade, which, to be sure, is supported by a legitimate and politically justified objective, but unless the result comes quickly, it takes Croatia to the edge of the abyss. While the new crossword puzzle of state personnel is being solved, the remainder of the political elite and media attached to them await the first official decisions with impatience. The reactions will follow as soon as the official seal of the state is put on the appointments. Should Miksa be appointed chief of staff, there is no doubt that the foreign reactions will differ from some of those at home. While the German media inclined toward Croatia will write about the promising continuation of balance between the moderate and hard-line wings of the incumbent party, some of the domestic daily newspapers will continue the campaign against a portion of the Croatian political leadership.

Balance or Roots

So long as these articles are a part of the Croatian media folklore and so long as muffled dissatisfaction is manifested in them, there is no problem for Croatia's overall international position. Troubles will arise when they are written from the position of the victors in the competition within the party. We should be afraid of the time when, not honoring the Washington agreements even formally, nor the commitment to strengthen independent institutions and free public opinion, we start looking for new allies instead of those we have at present. After all, the United States and Germany are nevertheless a sufficient guarantee that the war cannot be lost even if it cannot be brought to a victorious conclusion so very quickly. Those who in their patriotic inclination do not dare to forecast the result, but would nevertheless go into action, are nevertheless the most irresponsible part of the Croatian body politic. History is warning enough that such people should be kept rather far from the place where decisive political decisions are being made, because shedding tears for the brave loser may be fine in art, but in politics it means large losses and casualties.

That is why maintaining the personnel balance between the moderates and hard-line forces in the leadership of the state is a precondition for Croatia's domestic and international position to be as far as possible from folk sayings such as "We would rather eat roots than make a concession at a particular moment." If Miksa's appointment is a contribution to that balance, then there is no reason that this should not be for him, not a personal gesture, but more a patriotic gesture that would guarantee the continuity of Croatian politics and would keep the same allies. Those opposed to this will nevertheless express more the immaturity of their own political commitments than a concern for the state motivated by patriotism. So, Miksa need not stay on Brioni ordering espresso without sugar for the sake of a principle. Let it be with sugar that has gone through customs, and then come what may.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Federal

Serbian Opposition on Drina River Observers

LD2508170494 Belgrade TANJUG in English 1558 GMT 25 Aug 94

["Pool" item]

[Text] Belgrade, Aug. 25 (TANJUG)—Opposition Serbian Radical Party leader Vojoslav Seselj said Thursday that the Federal Assembly only can allow foreign monitors on the border between Serbia and the Bosnian Serb republic.

Seselj told a press conference that a decision by the representatives of the federal or republican executive authorities cannot be legal or legitimate.

He said he had "reliable information that Serbian President Slobodan Milosevic had agreed in general that foreign monitors be deployed on the Drina river" to control the implementation of Serbia's sanctions against the Bosnian Serbs.

On August 4 the Federal Republic of Yugoslavia severed all political and economic links with the Bosnian Serb republic and closed its borders except for the transport of food, medical supplies and clothing.

The decision came after the Bosnian Serb leaders ignored calls by Milosevic and the Serbian and federal governments to accept the "Contact Group" plan for Bosnia and decided to put the issue before a referendum set for August 27 and 28.

The Contact Group said if monitors were allowed on the Drina the May 1992 U.N. Security Council samctions against the Federal Republic of Yugoslavia would be eased.

Bank Governor Says Monetary System Stable

LD2508173094 Belgrade TANJUG in English 1717 GMT 25 Aug 94

["Pool" item]

[Text] Belgrade, Aug. 25 (TANJUG)—Yugoslav National Bank Governor Dragoslav Avramovic on Thursday said that Yugoslavia's monetary situation was 'very stable.'

Speaking at a press conference at Belgrade's international press center, Avramovic said the monetary reconstruction program has been fully implemented and there is nothing on the horizon that could seriously harm it.

He said his view was based on the stable state of the dinar and prices, as well as on increased production and real income.

Avramovic is the architect of the monetary reform and economic recovery program that took effect January 24. At the start of the reform, Yugoslavia was on the verge of economic collapse under world-record hyperinflation and the international blockade.

'There are no indicators that we know of that could harm our stable monetary situation,' said Avramovic.

Avramovic used the press conference as an opportunity to display samples of the national bank's coming issue of higher-denomination gold and silver coins.

The value of a one-ounce gold coin would be 600 dinars, and of a 30-gram silver coin 30 dinars.

The total value of the minted new gold and silver coins would be 185 million dinars. The new coins will be released in about four weeks.

Asked whether the economic isolation of the Bosnian Serb republic could harm Yugoslavia's monetary stability, Avramovic said as far as he knew 'the Bosnian Serb republic wanted to retain all elements of our program.'

Commenting on the recovery of the national economy, Avramovic said the problem of investment was most acute at this point.

He said money for new investment should be obtained through an increase in the money supply, as well as through a permanent increase in foreign exchange reserves and through interest rates.

Government Says Economic Revival Successful

LD2508173694 Belgrade TANJUG in English 1722 GMT 25 Aug 94

["Pool" item]

[Text] Belgrade, Aug. 25 (TANJUG)—The Yugoslav Government said Thursday that prices were stabilized in the first six months of implementing the economic revival program.

The government adopted a report on the current economic situation which says that free pricing enabled an average price drop of 1-2 percent. The report will be presented to federal parliament.

The government said that similar trends continued in August and have secured a completely free level of prices for the past seven months. In the same period the costs of living dropped by an average one percent per month. In July living standards rose by one percent.

The government said the Yugoslav currency remains pegged at a value of one dinar to the German mark so that it is one of the most stable in Europe. This has increased the country's foreign currency reserves, it said.

The government said another important result of the implementation of the economic program is the stopping of the years-long drop in industrial production.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

It said that agriculture production is also expected to surpass last year's. This year's wheat harvest is 400,000 tons up on 1993.

The government said average earnings have increased over the past seven months. June salaries are 23 percent up on May, and July is 11.2 percent up on June. The government said that further salary increases could threaten the economic revival program regardless of the rise in production or the social product.

The goverment said that economic development could be expected to flourish only after the United Nations sanctions are lifted and Yugoslavia is allowed to take its place on the world market.

Serbia

Government Urges Serbs To Accept Peace Plan

LD2508143194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1356 GMT 25 Aug 94

[Text] Belgrade, 25 Aug (TANJUG)—Meeting today, the Serbian Government drew up a draft declaration on the Contact Group's peace plan, in which it calls on the Serb people in the Srpska republic to accept the peace plan. The draft declaration was distributed to the deputies at today's extraordinary session of the Serbian Assembly.

The draft declaration says that, through their heroic struggle and the unselfish assistance from Serbia and Yugoslavia, the Serb people in the Srpska republic have attained their main goals—freedom, equality, and their own state—the Srpska republic—on half of the territory of the former Bosnia-Herzegovina, international guarantees for its borders, and the right immediately to form a confederal relationship with the Federal Republic of Yugoslavia.

The peace plan on offer and the continuation of the peace process represent the only chance for a just peace and the international approval of the achieved results, and, most importantly, it makes possible an end to the war, the declaration stresses.

The government proposes to the Srpska assembly to give its full support to the policy, stances, and decisions of the leadership of Serbia and the Federal Republic of Yugoslavia. It also proposes to the assembly to say that the decision of the Srpska republic leadership to reject the peace plan is in direct contradiction with the interests of the Serb people in the Srpska republic, the interests of the citizens of the Federal Republic of Yugoslavia, and the interests of the entire Serb nation. That decision casts doubt on all achievements of the just struggle of the Serb people in the Srpska republic and prolongs the agony of war, as well as the continuation and tightening of the unjust sanctions against our country and people, the declaration says.

Serbian Legislature Debating Contact Group Plan

LD2608105394 Belgrade TANJUG in English 1025 GMT 26 Aug 94

[Text] Belgrade, August 26 (TANJUG)—The legislature of the Yugoslav republic of Serbia early Friday continued its special session on the 'Contact Group' plan for Bosnia-Herzegovina.

Speaker of the legislature Dragan Tomic said at the beginning of the session on Thursday that the legislature would solely focus on the Serbian leadership's letters to the Bosnian Serb government regarding the Contact Group plan.

The session will focus on Serbian President Slobodan Milosevic's statement released August 4, immediately after the Yugoslav Government decided to sever political and economic relations with the Bosnian Serb republic because it failed to accept the plan.

The session will also focus on a Yugoslav Government letter to the Bosnian Serb government and national assembly, as well as on Tomic's statement on the Contact Group plan.

The deputies are to debate on three different declaration—of the government, the opposition Democratic Party and the opposition Depos coalition.

The Serbian Government's draft declaration on the Contact Group plan, presented Thursday by Serbian Premier Mirko Marjanovic, calls on the Serbian legislature to support the government stand that the Contact Group plan is acceptable to Bosnian Serbs.

The Democratic Party declaration published late Wednesday said the Serbian legislature should propose to the Yugoslav parliament to adopt a draft agreement on principles and bases for forming a confederation of Yugoslavia and the Bosnian Serb republic.

The Depos coalition of the Serbian Renewal Movement party and the Serbian Civil Union party presented its own resolution on the acceptance of the Contact Group plan Thursday morning.

Bosnian Serbs Awaiting Permission on Referendum

AU2508133294 Belgrade BORBA in Serbo-Croatian 25 Aug 94 p 13

[Report by V. Simonovic: "Ban Is Not Expected"]

[Excerpt] Belgrade—The Bosnian Serbs' referendum on whether they accept or reject the "maps of the territorial delineation in the former Bosnia-Herzegovina as proposed by the international Contact Group" should take place on Bosnia-Herzegovina territory under Serbian control and also on the territory of Serbia. The preparations are well under way, with only permission from the authorities in Serbia still required.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Even though the referendum has been registered in a regular manner with the Ministry of Internal Affairs, the authorities of Serbia and the FRY [Federal Republic of Yugoslavia] have still not reacted. If the feeling prevails that organizing a referendum of citizens of a foreign country on the territory of Serbia represents a violation of its sovereignty—which can already be heard in Belgrade—and if the authorities accept this view, then the referendum will be canceled. This is according to Momcilo Mandic, chief of the Bureau of the Srpska republic in Belgrade. However, if the Ministry of Internal Affairs does not react, this will be taken as a sign of approval, Mandic says, and in that case the referendum will go ahead, and every voter will participate with his signature in the creation of the list of voters. Mandic recalls previous experience with similar voting, adding that it helped to prepare and organize this one better.

Mandic will be in charge of the referendum in Serbia. He has told BORBA that he expects some 200,000 to 300,000 Bosnians to participate in it. There are enough ballot papers. Word has got around that the ballot papers were printed in Serbia, anyway, despite the blockade. Although they had been paid for the job, for a while the printers in Uzice were refusing to deliver the ballot papers. Because of the blockade, they said. [passage omitted]

Belgrade's Policy Toward Pale Criticized

LD2508163994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1224 GMT 25 Aug 94

[Text] Belgrade, 25 Aug (TANJUG)—Vojislav Kostunica, chairman of the Democratic Party of Serbia [DSS], said in his address to the Serbian Assembly today that the situation would have been much more favorable for the Serb side if the Assembly had earlier devoted some time to a responsible discussion of national and state policy.

"In that case, Belgrade, Podgorica, Pale, and Knin would be speaking to the world in the same language," Kostunica said. He added that the Contact Group plan confirms that the international community has a biased attitude and he reiterated the DSS stance that a bad peace can only lead to the continuation of the war.

According to Kostunica, the shortcomings of the Contact Group plan are the lack of guarantees regarding the status of the Srpska republic as a state, its link with the Federal Republic of Yugoslavia, and the lifting of sanctions against the Federal Republic of Yugoslavia.

According to him, the official interpretation in Serbia is that the plan offers such guarantees, even though the draft document only speaks about the union of Bosnia-Herzegovina.

The two "entities" mentioned in the draft document, the Serb and the Muslim-Croat ones, he said, represent "provinces," not "republics," in which he sees the intention to preserve unitary Bosnia. The DSS leader criticized the government for "launching a cold war against its own people living on the other side of the Drina river," and said that "this government is ready to pay a high price for the minimal easing of sanctions."

Kostunica demanded the lifting of the blockade against the Srpska republic, the drawing up of a common Belgrade-Pale policy, and the international community being presented with a coordinated policy.

According to him, the international community should be asked for guarantees to be offered on the Srpska republic's status as a state, its linking with the Federal Republic of Yugoslavia, clarification as regards sanctions, and slight corrections to the maps.

SRS, DSS Condemn Government Bosnia Policy

AU2508122594 Belgrade Radio Beograd Network in Serbo-Croatian 1100 GMT 25 Aug 94

[Report by Dusica Jovanovic from the Serbian Assembly]

[Text] The deputies in the Serbian Assembly are expecting Chairman Dragan Tomic to announce the usual lunch recess any minute now.

Earlier, we heard from the opposition parties that called the session. The Democratic Party of Serbia and the Serbian Radical Party are rejecting the Contact Group's peace plan for the former Yugoslav Republic of Bosnia-Herzegovina.

Tomislav Nikolic, leader of the Radicals' deputy caucus, after the time for speaking had been limited to 15 minutes even for deputy caucus leaders, has spoken three times so far. He used the first two occasions to speak about the history of the SFRY's [Socialist Federal Republic of Yugoslavia] disintegration without mincing words, and even ridiculing some statements. When he appeared at the rostrum for the last time, he attacked the positions of the Serbian Government, which supports the peace plan.

The third proposer of this session is the deputy caucus of the Serbian Renewal Movement and the Citizens Alliance of Serbia. Since we have only just received the draft proposal of their resolution, we will mention only two of their positions. The Serbian Renewal Movement and the Citizens Alliance of Serbia propose that the People's Assembly of the Republic of Serbia support the international community's proposal for a peaceful settlement of the crisis in Bosnia-Herzegovina in its entirety. They stress that all the peoples of Bosnia-Herzegovina can realize their civic, national, and state-creating rights only in peace, which will be guaranteed by the international community, as well as by Yugoslavia and Croatia.

Reacting to the remarks by deputies from the Serbian Radical Party and the Democratic Party of Serbia, who

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

condemned some moves by what they called the authorities in Belgrade, Milorad Vucelic, leader of the Socialist Party of Serbia's deputy caucus, stressed, that is, denied these remarks, and said that the Serbian Government has not introduced any blockade against the poor on the other side of the Drina River. He said that between 8 and 24 August, some 5,000 [not further specified] of food, footware, and medicine has been sent to the Srpska republic, and that school textbooks are currently being packed up to be sent to all children in the Srpska republic.

At this moment the deputies are leaving the hall. Assembly Chairman Dragan Tomic has announced the lunch recess.

DP Declaration on Unification With Serbs

LD2508172194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1434 GMT 25 Aug 94

[Text] Belgrade, 25 Aug (TANJUG)—At the session of the Serbian Assembly today the Democratic Party [DS] presented a draft declaration for the adoption by the Serbian Parliament, by which it would call on to the Federal Assembly to adopt an agreement on principles and bases for setting up a confederation between the Federal Republic of Yugoslavia and the Srpska republic.

According to the draft declaration, the Serbian Assembly deems that the adoption of the agreement on confederation represents protection and realization of interests of the Serb people in the former Yugoslav Republic of Bosnia-Herzegovina and secures its equal treatment in further negotiations.

The DS proposes that a preliminary agreement on confederation should be concluded as soon as possible; the final agreement should be concluded following the restoration of peace. The confederation would adopt regulations on the establishment of a joint market, develop common policies in the spheres of transport, energy, health, culture, science and education. The DS proposal envisages that the FRY [Federal Republic of Yugoslavia] and the Srpska republic should conclude an agreement on the customs and monetary union, draw up a common defense policy, and create a joint army headquarters in the case of immediate danger facing either side.

The agreement also provides for the constitution of a confederal council and the election of the president of the council.

Introduction of the confederation would not burden the international and legal identity of Yugoslavia and Bosnia-Herzegovina, the proposal says.

According to the DS declaration, the agreement on confederation represents a minimum of political guarantees, which the Serb people expects ahead of the forthcoming referendum in the Srpska republic.

Djindjic Calls for Serb Confederation

LD2508130894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1141 GMT 25 Aug 94

[Text] Belgrade, 25 Aug (TANJUG)—Democratic Party [DS] Chairman Zoran Djindjic, in his address to the Serbian Assembly today, explained a draft declaration in which the Serbian Assembly would propose to the Federal Assembly that it adopt an agreement on principles and bases for establishing a confederation between the Federal Republic of Yugoslavia and the Srpska republic.

Djindjic said that one reason why the Contact Group plan has not been accepted by a part of the Serb people is that it is not a peace plan, but a plan for territorial division, which, he said, lacks political guarantees that the Serbs would realize the goal of their two-year struggle—not to be torn away from Yugoslavia.

He described the peace plan as "the bone thrown to us to cause discord," adding that the DS did not support the draft government declaration, because, as Djindjic said, it calls for the verification of what the government has done so far.

Djindjic said that the text of the agreement as proposed by the DS is identical to the agreement on the confederation between the Republic of Croatia and the Muslim-Croat federation.

Since the Muslim-Croat side thus obtained guarantees that it would not stay in Yugoslavia, the Federal Republic of Yugoslavia, by establishing a confederation with the Srpska republic, would bring the Serb side into an equal position.

The DS leader believes that this confederal agreement does not bring the Contact Group plan into question, and that the international community should not be against it. If the international community has anything against it, it means that this is a matter of bad intentions, Djindjic said, adding that in this case the question arises as to whether the Serb people can count on fair behavior in the continuation of the peace process.

New Democracy Supports Contact Group's Plan

LD2508170094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1428 GMT 25 Aug 94

[Excerpt] Belgrade, 25 Aug (TANJUG)—Zarko Jokanovic, head of the deputies' club of the New Democracy [ND] in the Serbian Assembly, said today that the draft declarations submitted on the one side by the Serbian government and on the other by the deputies' club of the Serbian Renewal Movement and the Serbian Civic Alliance are in effect based on the same principles and that the ND will support them.

Both documents favor peace and the acceptance of the Contact Group's peace plan for Bosnia-Herzegovina, Jokanovic said at a news conference, expressing hope that that "the deputies will reach common ground by the

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

end of the session and adopt a united stand on peace and a need to accept the peace plan." [passage omitted]

Poll on Popularity of Leaders, Views on Bosnia

AU2508140094 Belgrade BORBA in Serbo-Croatian 24 Aug 94 p 14

[Unattributed report: "If Possible—Both Peace and 'Greater Serbia'"]

[Text] The "Medijum" agency of the Belgrade Institute for Political Sciences has carried out, especially for BORBA, an opinion poll on what the citizens thought about Belgrade's decision to break off relations with Pale. The poll was carried out on 11 and 12 August and involved 500 adult citizens of Belgrade. In this type of poll, the deviation in the results is between plus 4 and minus 4 percent.

The poll shows that the residents of Belgrade are more inclined to agree with President Milosevic that the Bosnian Serbs should accept the international peace plan (50 percent), than reject it (39 percent). However, regarding the methods of achieving this aims, they obviously disagree with their president. Despite the intensive and critical media campaign following the Bosnian Serbs' rejection of the international peace plan, more residents of Belgrade oppose (54 percent) than support (36 percent) Milosevic's decision to close the border.

The dissonance between the mood of the public, on the one hand, and the behavior of the authorities, on the other, is connected with the way in which the authorities' motives to close the border and support the peace plan were understood in the public.

More residents of Belgrade thought that the authorities' decision to close the border was inspired by their own interests, namely the lifting of sanctions (53 percent), than with the concern about the continuation of the war (29 percent).

In contrast to this, the public's support for the peace plan was based more on the "principled reasons." In this context, more respondents mentioned the end of the war and the need for peace, and fewer of them mentioned the lifting of the sanctions as their reason for accepting the peace plan. Similarly, opposition to the peace plan is primarily based on the belief that the plan is unjust. The respondents mentioned their concern about sovereignty and the just division of the territory and the fact that the "Serbs will be forced to live in a Muslim state."

Another possible reason for opposing the decision to close the border—in the opinion of 70 percent of the respondents—is the belief that the international community will not lift the economic sanctions against Serbia. Nevertheless, 67 percent of those polled in Belgrade took the view that Serbia can withstand the UN sanctions for another year (11 percent), or even longer (56 percent). This belief is not as strong as it was in June, when 84 percent of respondents held such a view.

The public's views on whether the Bosnian Serbs can continue the war without help from Serbia are more divided. One third (31 percent) believe that the Bosnian Serbs can last for only a few more months, while almost one half of those polled (47 percent) take the view that they can continue the war for another year or longer. About one fifth (22 percent) said they "did not know."

Although the views on Milosevic and Karadzic oscillated, both are still thought of favorably by a large number of respondents. Milosevic is positively assessed by 51 percent of the respondents, and negatively by 42 percent. In Karadzic's case, these figures are 63 and 28 percent respectively. What is also even more characteristic is that a solid majority extended support to both the Serbian president (55 percent), and the leader of the Bosnian Serbs (68 percent).

What do these figures suggest regarding the likelihood of the war in Bosnia ending in the near future? Just as the previous polls showed, the promises about economic help in exchange for a compromise over the evidently essential convictions did not shake the public's views. The majority of Belgrade residents (79 percent), for instance, believe that the peace plan should enable the Bosnian Serbs to join Serbia. This was the prevalent view among those who think that the peace plan should be supported. Therefore, the stumbling block for even greater support for the international peace plan remains the issue of a "greater Serbia."

Minister Seeks Closure of Nuclear Waste Dumps

AU2508085994 Belgrade BORBA in Serbo-Croatian 23 Aug 94 p 29

[V.P.M.-attributed report: "We Will Build a Central Nuclear Waste Dump"]

[Text] Pozarevac—The unpleasant experience with the Kalna mine radioactive waste, which has recently been stored in the Vinca Institute, has forced us to think seriously about this issue. As part of the new ecological program, our ministry and my party Nova Demokratija will launch an initiative that the state build a central dump for nuclear waste, because storing this waste in Vinca is only a temporary solution. In addition, we are also working on the construction of regional dumps. This was stated by Serbian Ecology Minister Jordan Aleksic.

Dumping waste all over Serbia is very dangerous. If we followed all the regulations, we would close all the town dumps. There is hardly a town, with the exception of Trstenik, where this problem has been properly solved. Despite all this, we will propose in the near future that at least two thirds of town dumps that imperil normal and healthy life be closed. Let us only recall that the majority of dumps have been built along Serbia's river banks,

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

which is unacceptable. This was stated by Serbian Ecology Minister Jordan Aleksic in an interview for Pozarevac Radio.

Brutality of Police in Lazarevac

94BA0392B Belgrade NIN in Serbo-Croatian 5 Aug 94 pp 12-13

[Article by Aleksandra Bilanovic: "On the Spot: Lazarevac: All the Way to Eradication"]

[Text] A stick has two ends, people in Lazarevac are mumbling in their beards these days, partly out of fear, partly out of anger. This town, a stone's throw from the capital, no longer looks like itself: The little cafes, restaurants, discotheques, and other public places are divided into "police places" and those others, which is to say that others do not stop by the former without an urgent need, while the converse does not hold. Several serious conflicts of Lazarevac citizens with the police have been recorded in the last month, and mainly elderly people and peasants have gotten the worst of it. The outcome: six with minor injuries and two with quite serious injuries.

"If there is one more fight, if they beat up just one more of our people, we will kill them like clay pigeons all the way to eradication. Some people are lucky, some are not," says Milan (age 32), one of the rare ones who does not conceal his militance.

Nevertheless, most people we encountered were frightened. In the last incident, Dusan Busic lost his left eye, and the peasants Svetozar and Milorad Spasojevic (age about 60) were mercilessly beaten. This exhausting atmosphere is not to anyone's liking, in the daytime the streets are just as empty as they are in the early evening, and no one, people say, sticks his nose out of his house without a good reason.

A Nightstick for an Eye

On the night between the penultimate and last day of June, Dusan Busic was returning from a relative's party in a nearby village. Some 30 or so meters in front of his house, Busic spotted a tractor coming behind him and a bit later recognized his relatives, the Spasojevic brothers, on the tractor. They parked and began to chat. "I noticed two policemen coming toward us. One of them, Zoran Andjelkovic, is called 'Van Damme' and 'Sheriff McCloud' by the local people. I thought they were coming from the direction of a nearby cafe. They asked Svetozar for his papers, he said that he had been in the field the whole day and did not have any documents, that he had not planned to go to town. 'Van Damme' commanded 'Get down!' and Svetozar told him that he would get down, because he respected authority, but that he first had to put on his cap and tidy up a bit," Busic related, adding that this was probably the turning point. Andjelkovic called for a police patrol and, without waiting for its arrival, he began to beat Svetozar Spasojevic with his nightstick. Busic, according to his own account, was attacked when he attempted to come to Spasojevic's aid. Andjelkovic hit him hard over the head with a nightstick and then began to poke him with it in the face, with the result that Busic has permanently lost sight in his left eye.

"I thought it was a good thing that the police were coming, so that they would see that nothing had happened. What a scene. No doubt about it. Svetozar begged him not to do what he was doing."

Busic, a man born in Lazarevac who is respected in this area, says not without bitterness that the custodians of law and order "beat him when he was tied up and bloody," and he received a severe brain concussion, which gives him pains even today, as well as blows in the kidney area. He said he was particularly disappointed by the police patrol which came later: "They started hitting without asking any questions, at random, treacherously and savagely."

Don't Kill My Daddy!

Busic was brought up to believe that "authority is authority," and that you do not go against it, "you do not have to like it, but you have to respect it." Perhaps that is why he was expecting some kind of verbal discussion with it. Busic had traveled and seen a bit of the world. He had been in India and in Pakistan during the state of emergency when there were police everywhere, but no one ever gave him even a dirty look. Today, he relates: "I did not believe that my police would come to this, in my town, in front of my house. This is terrible.... It was in Lazarevac that I first saw the light of day...and now I have to lose my sight. I do not know whether the court here will be enough."

Arandjelovic has been suspended, but it is said that he makes threats in the cafes, often mentioning Busic's 16-year-old son.

Earlier, the atypical behavior of the police here was discussed over coffee in low voices between neighbors. NIN's informants say, with great difficulty and after a firm promise that they would remain anonymous, that the police are "involved in rackets," they have been taking fuel, they have been fining people without any receipt whatsoever. Twenty-year-old Dejan says: "I was coming back from Belgrade when a policeman a bit older than me stopped me and told me to take off my Ray-Ban glasses. When I did that, he said 'See how good they look on me' and all but took them by force from me. This is chaos. Just try to bring five cans of gasoline from Belgrade to Lazarevac. None will be left, they will take them all."

"Petty improprieties of the service" have somehow been tolerated—until the first incident.

In early July, there was no crowd or trouble in front of the restaurant "Milana-Bar," not far from the center of

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Lazarevac, until police cars appeared to check the vehicles from the Ibar Highway in the parking lot (which is Milan Ralic's private property). The few guests and the staff were astounded. In less than 10 minutes, the parking lot was overflowing, and the noise was unbearable. The owner went up to the patrol and asked "What are you doing, people?" After a brief quarrel, Slobodan Sundic, who has a vulcanizing shop in the neighborhood, became involved. "Officer Ivosevic (age 23) swore at me, and I swore back at him. After that, he struck me, I fell down, but I quickly got my bearings and saw that they were beating Ralic," Sundic says. "Simsic, that is the policeman's name, was hitting him with a stick. A friend persuaded me to go home to change. When I came back to 'Milana-Bar,' I saw I was being followed by a police patrol, I stopped the car, but I did not manage to turn off the engine, when they came up to me. Officer Demirovic hit me three times in the cheekbone, Jeremic with his fist, and Rodic hit me in the nose. My mouth was full of blood, and I spit, but soon I heard: 'Spit just once more, motherfucker, and we will bust out all your teeth.'"

Then they clapped Sundic into a cell in the Lazarevac local police station, and they next morning they transferred him to Belgrade. As he was leaving the station, he heard the screams of his friend Ralic.

Milorad Ralic, father of Milan, who was beaten, happened to be in the restaurant that day. Obviously excited, he told how Officer Neskovic, whom he had known for 20 years, threatened to kill him. They tied up and beat and dragged his son, they thrust the barrel of a pistol into his mouth until his grandson implored them: "Don't kill my daddy." The Ralices have a pistol, but it never occurred to them to use it. All three of Milorad's sons have a university education and they are sober people. But Milorad will not go to court. "I cannot go to law against the state. No one has ever won a case against the state. I will go straight to Sokolovic to ask him whether he knows what is going on here."

Another incredible case is that of Milorad Todorovic of the village Dren. Two "custodians of law and order" beat this 91-year-old man in front of his house on the pretext that he was armed and dangerous, when this is a man with only one eye, in which his sight is only 25 percent.

Following the tragedy of Dusan Busic, the citizens of Lazarevac, at least the braver ones, have organized and written up a petition in which they condemn the "act of banditry of the Lazarevac police." So far, the petition has been signed by about 200 citizens who are openly opposing the brutality of certain officers of the MUP [Ministry of Internal Affairs].

When he was discharged from the hospital, Dusan Busic filed a criminal charge with the opstina Public Prosecutor's Office against Zoran Andjelkovic in which he charges him with "misconduct in performance of duty" and the crime of serious bodily harm, which carries the penalty of not less than one and not more than 10 years in prison. Svetozar and Milorad Spasojevic have also filed criminal charges against Andjelkovic, and they are accusing him of the crime of minor bodily harm and misconduct in the performance of duty. Against the will of law enforcement agencies, a great deal of dust has nevertheless been raised in the city of Lazarevac. There is talk of resignations, suspensions, and dismissal of the police chief and the perpetrators of these acts.

In spite of our effort to hear the other side, we came up against a wall of unpleasant silence, because in the police no one is anxious or "competent to speak to the newspapers." These days, the responsible people are not to be found.

Montenegro

Commentary Views 'Regime-Controlled Media'

AU2408180294 Podgorica MONITOR in Serbo-Croatian 19 Aug 94 p 5

[Commentary by Miodrag Vukmanovic: "The Lonely Man"]

[Text] Foreigners and those who are duty bound to remain in this unfortunate country, follow the news or political panels broadcast by local radio or television centers with great interest. On such occasions they pay incomparably more attention to the state-owned channels than to the independent or partisan channels. There is hardly a foreign diplomat who has served in the FRY [Federal Republic of Yugoslavia] for a long time who is not familiar with the names of the prominent local TV announcers, usually pronouncing them with a certain smile. The reason for foreigners' increased interest in the "Serbian truth" is certainly not to be found in the irresistibility and exclusivity of the local news production, but in the suggestiveness of the persons who read and write the information as if they are convincing not only the public of the veracity of the lies and fantasies, but also themselves—which must be acknowledged as a particular type of talent. The regime-controlled media are being carefully observed by foreign monitors, because they reflect the political will of their controllers. The regime's ideologically stuffed propagandists are often not aware that their efforts, from the point of view of their influence on international public opinion, are predominantly counterproductive. For instance, the regime may swear that it is committed to peace, or tell fairy tales about innocence and peacefulness—either their own or that of the whole nation—but it is enough for the state-run television to highlight as a first- class event the Day of the Border Guards, covering a military parade followed by convenient archetypal speeches delivered by rather waxen heroes for everything to be clear to those who are patiently monitoring the signals of peace coming from the region. The aforementioned event unmistakably reveals the character of the state border and the country's disposition toward its neighbors, the influence that the army has on state policy and its media, and the kind of political forces that are in

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

power. Such a demonstration on the state border, which the Yugoslav media exalt to the level of an international event, is considered a dangerous provocation in any democratic country.

Foreign consumers of Yugo-information have the opportunity to enjoy a rare kind of journalism, a leftover from real-socialism and self-government. It typically covers the so-called economic topics, the majority of which regularly referring to visits by journalists to large state-run plants, known from the past period as "the pillars of our development." The media approach to the problem of those plants is always positive, even in such cases where, for instance, a factory that until yesterday manufactured aircraft has changed over to the manufacture of pots and pans. This is praised as a triumph of domestic expertise. The applauding of the business successes accomplished by those dinosaurs of the past industrial era belongs to the local, fluent production of patriotism. In any real market economy, such things would be viewed as the unauthorized, free advertisements for state-run firms by broadcasts that are supposed to be news, which would scandalize the public. The directors of those firms, on the other hand, are standing guard around the clock in case that the political leadership needs their support.

Imagine a viewer of some European or U.S. TV news, who, in the expectation of information that enables him to be a citizen of the world, learns that the minister of police has greeted the defense minister on a national holiday, after which he views a several- minute long report on a factory, then some sheep bleat for a while, just to make sure that the viewers do not forget about the national resources. Then he sees combine harvesters parading to and fro on the screen and, at the end of the news, relaxed by prosperity and boredom, the viewer experiences spiritual enlightenment while listening to a commentary on a cultural event in a cultureless city.

Details such as these tell the foreign observers what is really happening in this region (privatization, integration, civilization, democratization, and similar swindles), giving them far more accurate information than they would usually obtain from various official statements and the promises of political authorities. Nobody trusts them any longer, regardless of what they say, and it is right that they do not. The only exception are some people who, according to an old observation by Lamartine, adore above all those who oppress them.

If Slobodan Milosevic thought that his feigned statement about the suspension of aid to the Bosnian Serbs would be a good enough guarantee to the international political factors and public opinion to reconsider lifting the sanctions against Montenegro and Serbia, then he must be a pitifully lonely person. Does he really think that the international public will allow somebody who is considered to be the person most responsible for the war and nationalistic expansionism, as well as for the obstruction of post-communist reforms, to get away with it without a single scratch after so many long-lasting and toilsome efforts by the international community to finally corner him? One is justified in doubting that. According to what is being heard from some diplomatic sources, the president of Serbia—who, regardless of his formal function and the Zabljak Constitution, is considered to be the leader of the Serbian-Montenegrin federation (nobody even notices Bulatovic and Lilic)—is being required to provide more specific proof of his cooperativeness. He will either do so, to the shame of pan-Serbianhood, or the United Nations will tighten the sanctions against Serbia and Montenegro. Since the existing sanctions are barely endurable, as the state leadership admits, what will happen if they saddle us with additional sanctions? To this question even the witty Milosevic falls short of an answer.

Kosovo

LDK Reiterates Stance on Talks With Serbia

AU2508201994 Tirana TVSH Television Network in Albanian 1800 GMT 25 Aug 94

[Text] During the talks held with the Geneva conference mediator Mr. Gert Ahrens, Democratic League of Kosova [LDK] Deputy Chairman Dr. Fehmi Agani reiterated the Kosova leadership's stance on talks with Serbia in the framework of the Geneva Conference or in the presence of international bodies. The group for Kosova, Agani said, is the most competent forum, while the eventual insistence for talks only with Serbia in fact blocks these talks.

Ahrens notified Mr. Agani that the representatives of the government of the self-proclaimed Yugoslavia do not have a strict stance on talks. Deputy Chairman Simic has agreed to hold talks, while Mrs. Savovic has asked for talks only in the framework of Serbia, as she does not recognize the Kosova group in the framework of the conference.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.